



REPORT

DATE ISSUED: April 23, 2024

REPORT NO: HAR24-009

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of May 21, 2024

SUBJECT: Final Bond Authorization for Sea Breeze Gardens Apartments

COUNCIL DISTRICT: 4

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in the aggregate amount not to exceed \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP’s acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4802-4890 Logan Ave. in the Chollas Valley neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers’ unit.

STAFF RECOMMENDATION

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

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP’s acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4802-4890 Logan Ave. in the Chollas Valley neighborhood in Council District 4 which will consist of 266 units that will remain affordable for 55 years for families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted manager’s 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

Table 1 –Development Details

Address	4802-4890 Logan Ave., San Diego, CA 92113
Council District	Council District 4
Community Plan Area	Chollas Valley Neighborhood
Developer	Lincoln Avenue Communities (LAC)
Development Type	Preservation; Acquisition and Rehabilitation

Construction Type	Wood Frame (Type V), 36 two-story buildings, 1 commercial building, 1 community clubhouse & 6 standalone laundry facilities.
Parking Type	292 parking spaces in a surface lot (255 residential stalls, 25 accessible stalls for people with disabilities, 6 van accessible stalls for people with disabilities, and 6 commercial stalls).
Local Amenities	Mass Transit: Stop ID #11000 is immediately adjacent to the property's parking lot. Stop ID #10629 is directly across the street. Grocery: Sundance market (0.2 miles from the property) Schools: Porter Elementary School (0.4 miles from the property) Harley Knox Middle School (0.1 miles from the property) Lincoln High School (1.0 mile from the property)
Housing Type	Affordable for low-income families
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	15.72 Acres (684,763 square feet)
Units	266 affordable units and two unrestricted managers' units
Density	17 dwelling units per acre (268 units ÷ 15.72 acres)
Unit Mix	100 two-bedroom and 168 three-bedroom units
Gross Building Area	271,809 square feet
Net Rentable Area	250,600 square feet
Affordable Units in Service by Council District	Council District 4 includes 2,806 affordable rental housing units currently in service, which represents 11 percent of the 25,642 affordable rental housing units in service citywide.

Background

On July 21, 2023, the Housing Commission (Report No. HCR23-082) approved taking preliminary steps to authorize the issuance of up to \$75,000,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Sea Breeze Gardens and held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986. If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required. If, for any reason, an extension to the bond issuance date is requested, Bond Counsel has advised the Housing Commission to hold a new TEFRA hearing.

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

On December 6, 2023, the California Debt Limit Allocation Committee (CDLAC) approved a \$75,000,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Sea Breeze Gardens Apartments at 4802-4890 Logan Ave. is an existing multifamily affordable development on approximately 15.7 acres in the Chollas Valley neighborhood of San Diego. A site map is at Attachment 1. It is about 6.5 miles east of downtown San Diego, just east of Interstate 805, steps away from a public bus stop, and within walking distance to parks, schools and convenience stores. Sea Breeze Gardens Apartments was originally constructed in 1968 and underwent a Low-Income Housing Tax Credit (LIHTC) rehabilitation in 2008. In addition, 100 percent of the affordable units are covered by a Project-Based Section 8 contract administered by Los Angeles LOMOD Corporation. The development consists of 268 units (two- and three-bedroom units) across 36 two-story, garden-style buildings, as well as a standalone clubhouse, playground, six laundry facilities, and a commercial space occupied by Children of the Rainbow. Children of the Rainbow is a childcare provider that operates Monday – Friday from 6 a.m. – 6 p.m. and accepts children up to 5 years old. The commercial space improvements will include accessible site path and roofing improvements. No bond proceeds will be used for the rehabilitation of the commercial space. All rehabilitation of the commercial space will be funded by the Seller Carryback Note.

Westview Garden Partners Ltd. acquired Sea Breeze Gardens Apartments in December 2021. At the proposed resyndication closing, Sea Breeze Preservation LP will purchase Sea Breeze Gardens Apartments. FPI Management Company manages the property, and Pacific Housing Inc. provides resident services. Sea Breeze Gardens Apartments has been well-managed and is currently 95% occupied; however, rehabilitation is necessary to preserve the quality of property's affordable housing units, as stated in the Physical Conditions Report (PCR) dated June 30, 2023.

The proposed rehabilitation will be in excess of the repairs categorized as immediate and short-term (one to three years) within the PCR, as the developer is proposing approximately \$22 million of renovations to extend the property's useful life and preserve the affordability term for a new 55 years. The scope will include, but is not limited to, new in-unit appliances, plumbing and lighting fixtures, flooring, cabinet and countertop replacement, full roof replacement, renovated community amenities, landscaping, and general site work repairs, including updates to meet current accessibility requirements under the Americans with Disabilities Act (ADA). Sea Breeze Gardens Apartments currently provides ample on-site amenities, including a playground, six laundry facilities, controlled gated access, security patrol, and standalone leasing office with clubhouse. As part of the rehabilitation, all current amenities will be updated. Each unit is assigned one parking stall, while the remainder are first come, first serve for guests and staff. The entire parking lot will be slurry sealed and striped and will include 292 total parking spaces. A scope of proposed rehabilitation work is included as Attachment 2.

Services

Sea Breeze Gardens Apartments residents will continue to have access to a range of community services provided by Pacific Housing Inc, at no cost to the residents. The After School Connect (ASC) Program for children ranging from 7 to 12 years old includes tutoring, mentoring, homework assistance, music and art appreciation, arts and crafts, outdoor games and sports, cooking and nutritional education, pen pals and letter-writing skills, etiquette and social skill development, and confidence-building exercises. The ASC Program will be available on weekdays throughout the school year. The Living Out Loud (LOL) program for teens ranging from 13 to 17 years old includes homework assistance, leadership development, community awareness, recreation, social skill development, and healthy lifestyles. Lastly, depending on needs and interests of the member of the community, on-site instruction will be offered throughout the year.

Pacific Housing Inc.'s service coordinators will continue to work with residents individually through the use of a needs assessment/survey to determine how they can best be assisted. Residents are provided with information regarding accessibility of available services in the community, such as utility discounts, clothing, food assistance, and help residents in accessing those services through advocacy.

Prevailing Wages

The proposed development is not subject to payment of California State nor federal prevailing wages because the developer is not proposing to use either California State or federal financing that requires prevailing wages.

Appraisal

An appraisal of the subject site with an effective date of June 30, 2023, valued the property at \$116,400,000. The appraisal was obtained by the developer and was conducted by CBRE Inc.

Relocation

In accordance with CTCAC regulation 10322(H)(28), the developer utilized a relocation consultant, Revival Development Services, to complete a comprehensive relocation plan to ensure no resident of Sea Breeze Gardens Apartments will be permanently displaced due to this rehabilitation. The development budget includes a \$1,500,000 budget to temporarily relocate residents during rehabilitation at no cost to residents.

The relocation team from Revival Development Services will meet regularly with site property management and construction teams to ensure current and accurate information regarding renovation status and timing is communicated to residents. Each tenant will be interviewed to gather useful information for structuring each tenant's individual relocation plan. This will help the relocation team determine if reasonable accommodations will be needed during the temporary relocation. Reasonable accommodations may include the provision of transportation assistance, relocation to physically accessible sites near public transportation, and modifications to policies to allow individuals with disabilities to reside with a live-in aide. Expenses related to providing reasonable accommodations and meal stipends during the temporary relocation are included in the relocation plan.

The renovations will be moving sequentially from Building 1 to Building 36, with six units completed per week over 41 weeks. Units will be started two at a time, with the top and bottom floor done simultaneously. It is estimated that work on the typical unit will take up to 15 days per unit to complete, while fully accessible ADA units will take up to 30 days per unit to complete. The substantial rehabilitation will result in the temporary on-site and off-site relocation and/or possible transfer to an already completed vacant unit. The clubhouse and other common spaces will be furnished for the daytime use of the tenants who are temporarily displaced during the unit renovation, effectively serving as "hospitality suites" that will provide tenants access to a bathroom, television, and refreshments and entertainment options. It is estimated that no residents will be permanently relocated, and all will return to their original apartment home or another on-site comparable unit after the rehabilitation.

As an alternative relocation solution, some residents may identify another household, such as a relative or friend, with whom they can reside during the rehabilitation period, which would allow them to effectuate their own relocation plan.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The Sea Breeze Gardens Apartments units will be accessible in accordance with the ADA and Section 504.

Project Sustainability

Sea Breeze Gardens Apartments will be renovated 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.

Development Team

The developer, Lincoln Avenue Communities (LAC), rebranded from Lincoln Avenue Capital in September 2023, is an owner, developer, and investor in affordable housing. LAC's mission and goal is to provide and preserve affordable housing throughout communities across the country. LAC currently owns and operates over 26,000 units across 119 different properties. LAC has experience with numerous tax credit rehabilitations, taking part in the re-syndication and accompanying rehabilitation of over 4,000 units. All have utilized 4 percent Low Income Housing Tax Credits and issuances of tax-exempt bonds, with a variety of financing sources.

During the tax credit compliance period, Sea Breeze Gardens Apartments will be owned by Sea Breeze Gardens Preservation LP, a California limited partnership (a single-asset limited partnership) consisting of PacH Sea Breeze Holdings, LLC, an affiliate of Pacific Housing, Inc., as the Managing General Partner and Sea Breeze Gardens GP LLC as the Co-General Partner. The tax credit limited partner will be Berkadia Affordable Tax Credit Solutions or its affiliate, with Berkadia Affordable Manager, LLC as a Special Limited Partner. (Attachment 3 – Organization Chart).

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Lincoln Avenue Communities
Owner/Borrower	Sea Breeze Gardens Preservation, LP
Managing General Partner	PacH Sea Breeze Holdings, LLC, an affiliate of Pacific Housing, Inc.
Administrative General Partner	Sea Breeze Gardens GP LLC
Tax Credit Investor Limited Partner	Berkadia Affordable Tax Credit Solutions
Architect	Ebersoldt +Associates
General Contractor	Paragon Construction Company
Property Management	FPI Management Company (FPI)
Bond Issuance Underwriter	Stifel, Nicolaus & Company, Incorporated
Construction and Permanent Lender	Berkadia Commercial Mortgage LLC servicing on behalf of Freddie Mac
Tenant Services Providers	Pacific Housing, Inc.

Property Management

Sea Breeze Gardens Apartments is managed by FPI Management Company. Established in 1968, FPI is a nationwide management company, with a management portfolio totaling approximately 74,000 units in 18 states. It is experienced in property management, marketing, maintenance, renovations and tax credit developments. FPI currently manages affordable housing developments for Lincoln Avenue Communities.

FINANCING STRUCTURE

Sea Breeze Gardens Apartments has an estimated total development cost of \$156,407,947 (\$583,612 per unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for Sea Breeze Gardens.

Table 3 – Sea Breeze Gardens Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Bond Financed Perm Loan (Tax-Exempt)	\$75,000,000	Acquisition	\$116,400,000	\$434,328
Direct Taxable First Mortgage (Freddie Mac)	19,546,793	Construction Costs	22,271,688	83,103
Seller Carryback Note (Residential)	6,766,583	Project Soft Cost	2,524,173	9,419
Federal Tax Credit Equity	53,339,674	Tax Credit Fees	169,995	634
GP Contribution	100	Bond Costs	519,250	1,938
Deferred developer fee	1,526,797	Bridge Loan Costs	4,365,095	16,288
Seller Carryback Note (Commercial)	228,000	Permanent Loan Costs	1,468,648	5,480
		Closing Costs	289,040	1,079
		Escrows and Reserves	2,185,261	8,154
		Developer Fee	6,214,797	23,189
Total Development Cost	\$156,407,947	Total Development Cost	\$156,407,947	\$583,612

Developer Fee

\$6,214,797 – Gross developer fee
 -1,526,797 – Minus deferred developer fee
 \$4,688,000 – Net cash developer fee

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	\$156,407,947 ÷ 268 units =	\$583,612
Housing Commission Subsidy Per Unit	\$0 ÷ 268 units =	\$0
Land Cost Per Unit	\$116,400,000 ÷ 268 units =	\$434,328
Gross Building Square Foot Hard Cost	\$22,271,688 ÷ 271,809 sq. ft. =	\$82
Net Rentable Square Foot Hard Cost	\$22,271,688 ÷ 250,600 sq. ft. =	\$89

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 preservation, rehabilitation, and construction type and are provided as a comparison to the subject development.

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Sea Breeze Gardens	2024	268	\$156,407,947 (w/out prevailing wage)	\$583,612	\$0	\$82
Cerro Pueblo	2024	46	\$17,635,270 (w/out prev. wage)	\$383,375	\$0	\$128
Hacienda Townhomes	2023	52	\$27,896,931 (with prev. wage)	\$536,479	\$103,827	\$196

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 July 21, 2023, prior to submitting applications to CDLAC, the proposed development was presented to the Housing Commission Board of Commissioners. A bond inducement resolution was obtained prior to the application submittal to CDLAC. On September 6, 2023, an application was submitted to CDLAC for a bond allocation of up to \$75,000,000. On December 6, 2023, CDLAC approved the \$75,000,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. The tax-exempt bonds will be issued in one series in the amount of \$75,000,000 (expected to be designated Series 2024 E). It is also anticipated that the Borrower will need a taxable loan in the estimated amount of \$25,654,355 and that this amount will be funded directly to the Borrower by Freddie Mac or one of its lender-partners. The taxable loan will be subordinate to the Bond Regulatory Agreement.

The bonds will be sold initially through a public offering and will be structured as rated, credit-enhanced, and publicly offered construction-to-permanent bonds that will be marketed by Stifel, Nicolaus & Company, Incorporated, or a related entity, as Underwriter

The Bonds will be credit-enhanced through a Freddie Mac Credit Enhancement Agreement to be entered into between Freddie Mac and a to-be-selected Fiscal Agent, as Trustee on behalf of the bondholders,

pursuant to which Freddie Mac will guarantee all principal and interest due on the Bonds. The bonds are expected to be secured by a first lien position on the property.

Financing Documents for the Bonds:

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

Financing Agreement – Under the terms of the Financing Agreement between the Housing Authority and the Borrower, the Housing Authority will loan the proceeds of the bonds to the Borrower to develop the project. The loan is evidenced by a note or notes in an aggregate amount corresponding to the principal amount of the bonds. With the Financing Agreement, the Housing Authority assigns its rights to receive note payments to the Trustee. Berkadia, a large national mortgage lender and loan servicer, has been engaged to underwrite the project on behalf of Freddie Mac and to provide servicing of the loan represented by the Financing Agreement.

Regulatory Agreement and Declaration of Restrictive Covenants – A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. The Regulatory Agreement restricts the rental of the 266 affordable apartments (the managers' units are exempted) to low-income residents for at least 55 years.

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

Official Statement - During the bonds' marketing period, an Official Statement (to be prepared by counsel to the Underwriter), in preliminary form, will be used. After the Bonds are sold, final pricing information will be included, and the Official Statement will become final. The Official Statement, in preliminary form, will be used to market the bonds to investors. It describes the terms, financing structure, flow of funds, the development, and the security for the bonds during the construction period. The Official Statement, which will be executed by the Borrower, will contain limited information about the Housing Authority as issuer. This information verifies that the Housing Authority is an appropriate issuer of the bonds and that there is not existing or threatened litigation that would jeopardize the validity of the bonds. Financial statements of the Housing Commission or Housing Authority are not included in the Official Statement.

Financial Advisor's Recommendation

Jones Hall is the Bond Counsel and PFM Financial Advisors LLC is the Bond Financial Advisor to work on the bonds issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor's analysis and recommendation is at Attachment 6.

AFFORDABLE HOUSING IMPACT

The Sea Breeze Gardens Apartments development will be subject to applicable tax credit and bond regulatory agreements, which will preserve the property’s affordable status and restrict affordability of 266 units for a new 55-year term. CTCAC-required rent and occupancy restrictions will apply.

As shown in tables 6 and 7 below, the developer proposes to:

- A) Revise the affordability level of two-bedroom units to:
 - a. 30% of AMI for 10 units
 - b. 50% of AMI for 10 units
 - c. 60% of AMI for 80 units
- B) Revise the affordability levels of three-bedroom units to:
 - a. 30% of AMI for 17 units
 - b. 50% of AMI for 17 units
 - c. 60% of AMI for 132 units

Table 6 – Current Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Two bedrooms	50% (\$62,050/year for three-person household)	10	\$1,551
Two bedrooms	60% (\$74,460/year for three-person household)	90	\$1,861
Subtotal Two Bedroom Units	--	100	--
Three bedrooms	50% (\$68,900/year for four-person household)	17	\$1,791
Three bedrooms	60% (\$82,680/year for four-person household)	150	\$2,150
Subtotal Three Bedroom Units	--	167	--
Manager’s three bedrooms unit	--	1	
Total Units	--	268	--

Table 7 – Proposed Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Two bedrooms	30% (\$37,250/year for three-person household)	10	\$930
Two bedrooms	50% (\$62,050/year for three-person household)	10	\$1,551
Two bedrooms	60% (\$74,460/year for three-person household)	80	\$1,861
Subtotal Two Bedroom Units	--	100	--
Three bedrooms	30% (\$41,350/year for four-person household)	17	\$1,075
Three bedrooms	50% (\$68,900/year for four-person household)	17	\$1,791
Three bedrooms	60% (\$82,680/year for four-person household)	132	\$2,150
Subtotal Three Bedroom Units	--	166	--
Manager’s three bedrooms unit	--	2	
Total Units	--	268	--

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 – (\$75,000,000 (Tax-exempt bonds)) X 0.0025 = \$187,500
Total Funding Sources – up to \$187,500

Funding uses approved by this action

Administrative costs - \$187,500
Total Funding Uses - up to \$187,500

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:

Milestones	Estimated Dates
• Housing Authority consideration of bond authorization	• May 21, 2024
• Estimated bond issuance and escrow/loan closing	• June 3, 2024
• Estimated start of construction work	• June 3, 2024
• Estimated completion of construction work	• December 2025

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Lincoln Avenue Communities reported that it is committed to advancing equity and inclusion throughout the development and operation of the project. Lincoln Avenue Communities demonstrates a commitment to this effort by planning to use the Global Diversity, Equity & Inclusion Benchmarks assessment checklist to assess current racial equity and inclusion (REI) efforts and ensure that REI policies, initiatives, and practices are intentionally embedded in all that they do.

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.

PREVIOUS HOUSING COMMISSION ACTIONS

On April 12, 2024, the Housing Commission Board of Commissioners voted 6-0 to hold a TEFRA public hearing, update the financing team to include Jones Hall as Bond Counsel, recommend that the Housing Authority authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate the acquisition and rehabilitation of Sea Breeze Gardens, and recommend that the City Council adopt a TEFRA resolution approving the

issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate the acquisition and rehabilitation of Sea Breeze Gardens.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

Lincoln Avenue Communities is working with the Chollas Valley Community Planning Group. The proposed development was presented as an information item at the January 29, 2024, meeting.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Lincoln Avenue Communities as the developer, the Housing Authority as the bond issuer, Berkadia as a lender and the Chollas Valley neighborhood. Sea Breeze Gardens Apartments will continue to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and preserve 266 affordable rental homes for low-income families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

The proposed activity to authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens has been reviewed for consistency with and is covered in the Final Program Environmental Impact Report (PEIR) for the Southeastern San Diego and Encanto Neighborhoods Community Plan Updates (Project No. 386029/SCH No. 2014051075) which was certified by City Council Resolution No. R-310077 on December 2, 2015. This activity is a subsequent discretionary action within the scope of the development program analyzed in the PEIR and is 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. Processing under the National Environmental Policy Act is not required because no federal funds are involved in the proposed activity.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter
Vice President Multifamily Housing Finance
Real Estate Division

Approved by,

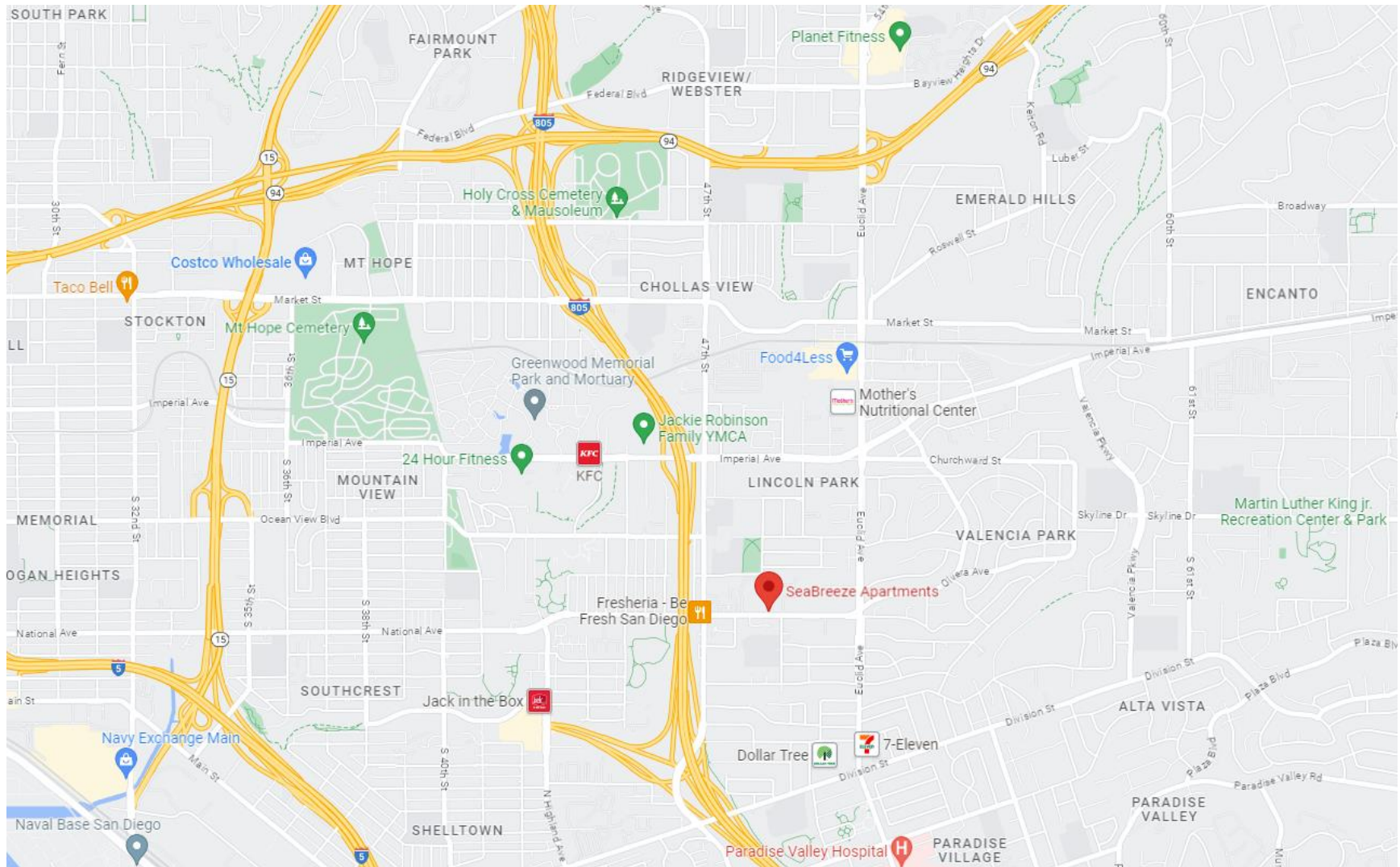
Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

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

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

Attachment 1 – Site Map



Attachment 2 – Rehabilitation Summary

Rehabilitation Summary

Sea Breeze Gardens Apartments

Please see below for LAC's scope of repairs.

- Solid surface flooring (LVP) throughout all unit interiors.
- In unit light fixture package. High efficiency systems will be installed to promote less consumption of natural resources and decrease utility costs.
- Energy Star appliance replacements throughout units and common areas.
- In Unit Cabinet and countertop replacement as needed.
- Low Flow Bath accessory package throughout units and common areas.
- HVAC replacement as needed.
- Address all accessibility requirements and required accessible path of travel.
- Full roof replacement.
- 100% add or replace gutter, downspout, splash blocks.
- Parking lot seal and stripe.
- General Landscaping and Site work.
- Common area amenity Renovations
 - Clubhouse
 - Playgrounds
 - FFE for clubhouse
- Fresh Exterior Paint

Sea Breeze Gardens Preservation LP
a California limited partnership

PacH Sea Breeze Holdings, LLC
a California limited liability company
[00.001]% Managing General Partner

Pacific Housing, Inc.
a California nonprofit public benefit corporation
Sole Member and Manager

Sea Breeze Gardens Preservation
GP LLC
a Delaware limited liability company
[0.009]% Co-General Partner
Manager: *Jeremy Bronfman*

[TBD Alliant Capital, Ltd.- Investor]
[99.99]% Limited Partner

Jeremy Bronfman
2014 Revocable Trust
a California trust
30.3736% Class A Member

Jeremy Bronfman
Trustee

EB 2022 Revocable
Trust
a New York trust
20. 2490% Class A Member

Eli Bronfman
Trustee

Condas Lincoln
Holdings, LLC
a Delaware limited liability
company
2.7222% Class B Member

Russell C. Condas Revocable
Trust dated October 26, 2020
Sole Member

Schore Lincoln
Holdings, LLC
a Delaware limited liability
company
1.0991% Class B Member

Neal Schore
Sole Member

Bluegrass
Associates LLC
a Delaware limited
liability company
1% Class B Member

Hanna Jamar
Sole Member

TDC Holdco LLC
a Delaware limited
liability company
1% Class B Member

Tyler Conger
Sole Member

Seabreeze Employee
Fund LLC
a Delaware limited liability
company
43.5561%

Bluegrass
Associates LLC
40% Class B Member

Hanna Jamar
Sole Member

TDC Holdco LLC
40% Class B Member

Tyler Conger
Sole Member

Fitzgerald Equity
LLC
10% Class B Member

Jordan Richter
Sole Member

Keystone LAC,
LLC
10% Class B Member

Benjamin Taylor
Sole Member

Sea Breeze Gardens - San Diego, CA

Sources		
	Construction	Permanent
First Mortgage (tax-exempt)	75,000,000	\$ 75,000,000
First Mortgage (taxable)	19,546,793	\$ 19,546,793
Seller Note	6,994,583	6,994,583
LIHTC Equity	8,000,951	53,339,674
GP Capital Contribution	100	100
Deferred Developer Fee	-	1,526,797
Equity Bridge Loan	39,633,391	-
Total Sources	\$149,175,818	\$156,407,948
(GAP)/SURPLUS	-	-
Uses		
	Construction	Permanent
Acquisition	116,400,000	\$ 116,400,000
Construction Hard Costs	22,271,688	22,271,688
Project Soft Costs	2,524,173	2,524,173
Tax Credit Fees	60,115	169,995
Bond Costs	519,250	519,250
Bridge Loan Costs	4,365,095	4,365,095
Permanent Loan Costs	1,468,648	1,468,648
Closing Costs	289,040	289,040
Escrows and Reserves	105,810	2,185,261
Developer Fee	1,172,000	6,214,797
Total Uses	\$149,175,818	\$156,407,948
(GAP)/SURPLUS	-	-

Development Budget							
	Qualifying Cost Percentage	Assumptions	Per unit	Total Costs	Qualifying Costs		Non Qual Cost
				Total Project Costs	Acquisition	Construction	Total Non- Qualifying Costs
Acquisition							
Purchase Price - Building	96 %	94.2%		\$ 102,705,417	\$ 98,317,417	-	\$ 4,388,000
Land Allocation	-	5.8%		\$ 6,700,000	-	-	\$ 6,700,000
Installment Sale - Seller Note	100 %			\$ 6,994,583	\$ 6,994,583	-	-
Total Purchase Price				\$ 116,400,000	\$ 105,312,000	-	\$ 11,088,000
Hard Costs							
Construction Hard Costs	98.8%		\$64,000	\$ 17,152,000	-	\$ 16,952,000	\$ 200,000
General Requirement	98.8%	6.0%		1,029,120	-	1,017,120	\$ 12,000
Overhead	98.8%	2.0%		343,040	-	339,040	\$ 4,000
Builders Profit	98.8%	6.0%		1,029,120	-	1,017,120	\$ 12,000
Hard Cost Contingency	100.0%	10.0%		1,955,328	-	1,955,328	-
Building Permits	100.0%	-		172,618	-	172,618	-
Builders Risk Insurance	100.0%	0.8%		172,857	-	172,857	-
Procure Startup Fee	100.0%	\$900	\$19,358	19,358	-	19,358	-
FFE	100.0%	\$ 750		201,000	-	201,000	-
GC P&P Bond	100.0%	1.15%		197,248	-	197,248	-
Soft Costs							
Architect Design	100.0%			\$ 269,440	-	\$ 269,440	-
Architect Supervision	100.0%			\$ 60,490	-	60,490	-
Architect Reimbursable	100.0%			\$ 20,000	-	20,000	-
Market Research	100.0%			\$ 1,000	-	1,000	-
Survey	100.0%			\$ 30,000	-	30,000	-
Appraisal	100.0%			\$ 8,000	-	8,000	-
Environmental	100.0%			\$ 16,640	-	16,640	-
Physical Needs Assessment	100.0%			\$ 12,600	-	12,600	-
RCS	100.0%			\$ 14,553	-	14,553	-
Hessel - MU2M	50.0%			\$ 80,000	-	40,000	40,000
ACM Report	100.0%			\$ 49,850	-	49,850	-
Energy Assessment	100.0%			\$ 10,000	-	10,000	-
Tenant Relocation	-			\$ 1,500,000	-	-	1,500,000
Consulting fees	100.0%			\$ 26,600	-	26,600	-
Cost Certification / Audit	-			\$ 15,000	-	-	15,000
Borrower Counsel - Partnership	50.0%			\$ 225,000	-	112,500	112,500
Borrower Counsel - Local	-			\$ 50,000	-	-	50,000
Lender - Inspecting Architect	100.0%			\$ 10,000	-	10,000	-
Tax Credit Application Consulting Fees	-			\$ 15,000	-	-	15,000
CSC Legal	100.0%			\$ 10,000	-	10,000	-
Soft Cost Contingency	50.0%			\$ 100,000	-	50,000	50,000

Tax Credit Costs							
Compliance Monitoring fee	\$410		28	\$ 109,880	-	-	109,880
TCAC Application Fee	-			\$ 1,500	-	-	1,500
Reservation Fee	- 1.0 %			\$ 58,615	-	-	58,615
Bond Issuance Costs							
Bond and Issuer Counsel	-			\$ 80,000	-	-	80,000
Bond Filing Fee - 2nd installment	-			\$ 25,050	-	-	25,050
Upfront Admin Fee - SDHC	-	0.250 %		\$ 187,500	-	-	187,500
Ongoing Admin Fee	-	0.125 %		\$ 62,500	-	-	62,500
Performance Deposit - CDLAC	-	0.500 %		\$ 100,000	-	-	100,000
Bond Application Fee - SDHC	-			\$ 3,000	-	-	3,000
SHDC Deposit	-			\$ 10,000	-	-	10,000
Trustee and Financial Advisor Fee	-			\$ 50,000	-	-	50,000
CDLAC Application Fee - 1st installment	-		-	\$ 1,200	-	-	1,200
Equity Bridge Loan Costs & Reserve							
EBL Interest Reserve	79.1%	21 Month Res		\$ 3,930,261	-	\$ 3,107,788	\$ 822,473
Lender Counsel	100.0%			25,000	-	25,000	-
Appraisal & Other 3rd Party Reports	100.0%			13,500	-	13,500	-
EBL Origination Fee	100.0%	1.00 %		396,334	-	396,334	-
Permanent Financing Costs							
Lender Legal	-			\$ 105,000	-	-	105,000
Application Fee (Freddie)	-	0.10 %		94,547	-	-	94,547
Third Parties	-			30,000	-	-	30,000
Bond Underwriter Counsel	-	0.55 %		412,500	-	-	412,500
Delivery Fee	-	0.05 %		37,500	-	-	37,500
Bond Unverwriter Fee	-			55,000	-	-	55,000
Construction Monitoring	-			15,000	-	-	15,000
Misc. Financing Costs	-			10,000	-	-	10,000
Origination Fee	-	0.75 %		709,101	-	-	709,101
Closing Costs							
Title Filing Fee	-			\$ 161,000	-	-	161,000
Transfer Tax	-			\$ 128,040	-	-	128,040
Escrow & Reserves							
		Funding Month					
RE Tax/Insurance Escrow (Months)	-	28	6	\$ 105,810	-	-	105,810
Operating Reserve (Months)	-	28	3	2,079,452	-	-	2,079,452
Developer Fee							
Acquisition Portion		5.00%		\$ 3,551,314	\$ 3,551,314	-	-
Construction Portion		15.00%		\$ 2,663,484	-	\$ 2,663,484	-
Total Development Costs				\$ 156,407,948	\$ 108,863,314	\$ 28,991,467	\$ 18,553,167

Sea Breeze Gardens - San Diego, CA

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Financial statement table for Sea Breeze Gardens - San Diego, CA, spanning years 2024 to 2043. Columns include Year #, STUB, PIS DATE, and 20 monthly columns. Rows include Revenue, Expenses, Total Rental Income, and Net Levered Cash Flow.

ATTACHMENT 5
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% 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: Jaime Trejo - PFM Financial Advisors LLC

RE: Actions related to the proposed issuance of up to \$75,000,000 tax-exempt Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024

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 Sea Breeze Gardens (the “Project”) by Lincoln Avenue Communities (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

The Sea Breeze Gardens project consists of acquisition and rehabilitation of a 268-unit affordable housing development located at 4802-4890 Logan Avenue in the City of San Diego. After rehabilitation, the Project will consist of 266 units affordable for 55 years for families earning 30% to 60% of San Diego’s Area Median Income, in addition to 2 restricted manager’s units.

The current estimates of site acquisition and hard rehabilitation costs are \$116,400,000 (\$434,328 per unit) and \$22,271,688 (\$83,103 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 \$156,407,947 in total project costs (\$583,612 per unit).



The Developer

Lincoln Avenue Communities is serving as the developer for the Project. Lincoln Avenue Communities was founded in 2016 as a nonprofit corporation with a focus on financing, developing and operating affordable housing that meets the needs of the communities in which it operates. It has developed, acquired and/or rehabilitated more than 22,000 units across 26 states, serving over 50,000 residents.

The Financing

An aggregate amount not exceeding \$75,000,000 of Housing Authority Bonds will initially be issued to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of the Project. Berkadia will serve as the equity investor. Stifel will serve as bond underwriter to execute the public offering and sale of the Bonds, which will be rated and credit enhanced through Freddie Mac's Bond Credit Enhancement program. Tax-exempt Private Activity Bond allocation of \$75,000,000 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 December 6th, 2023. The CDLAC closing deadline for the Project is June 17th, 2024.

The Bonds will bear fixed interest at a rate estimated at 5.26% for a 16-year term and a 40-year amortization. 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 Bonds	\$75,000,000
Taxable Loan	19,546,793
Seller Note	6,994,583
LIHTC Equity	53,339,674
GP Capital Contribution	100
Deferred Developer Fee	1,526,797
Total Sources	\$156,407,947

Achieving Public Purpose

Through the proposed bond issuance, the Project will improve housing for low-income households. The Project proposes to restrict all 266 non-manager units for households earning no greater than 60% of Area Median Income ("AMI"), with 27 of the units targeted at households earning no greater than 30% of AMI and 27 at households earning no greater than 50% of AMI. The affordability term of the Project



is 55 years. Restricted rents for the Project are summarized in Table 2 below:

**Table 2
 Rent Comparison**

Unit Type	Area Median Income	Units	Unit Size (sqft)	Proposed Gross Rents	Estimated Market Rents	Savings
2 Bedroom	30%	10	750	930	2,540	1,610
	50%	10	750	1,551	2,540	989
	60%	80	750	1,861	2,540	679
3 Bedroom	30%	17	1,050	1,075	3,180	2,105
	50%	17	1,050	1,791	3,180	1,389
	60%	132	1,050	2,150	3,180	1,030
Manager	N/A	2	750	0	N/A	N/A
Total		268		\$506,212	\$781,880	\$275,668
Total Annual for All Units				\$6,074,544	\$9,382,560	\$3,308,016

Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion. Based upon our review of the Developer’s proposed rents and estimated costs, there will be \$7,359,886 of net income available for the first full year of debt service in 2025. Debt service coverage in this first full year is estimated at 1.25x. By the fifth full year of debt service, assuming a 2.0% annual increase in gross income and a 3.0% annual increase in operating expenses, debt service coverage is projected to increase to 1.36x.



Table 3
Estimated Cash Flow

Year:	2025	2026	2027	2028	2029
Gross Potential Rent	\$10,221,880	\$10,426,318	\$10,634,844	\$10,847,541	\$11,064,492
Less: Vacancy @ 5%	(511,094)	(521,316)	(531,742)	(542,377)	(553,225)
Less: Model/Employee	(81,945)	(83,584)	(85,256)	(86,961)	(88,700)
Miscellaneous Income	226,228	233,015	240,005	240,005	240,005
Effective Gross Income	\$9,855,069	\$10,054,432	\$10,257,851	\$10,458,208	\$10,662,572
Less: Operating Expenses	(1,985,722)	(1,956,590)	(2,015,288)	(2,075,747)	(2,138,019)
Less: Taxes	(5,410)	(5,573)	(5,740)	(5,912)	(6,089)
Less: Reserves	(82,713)	(85,194)	(87,750)	(90,383)	(93,094)
Less: Insurance	(212,297)	(218,666)	(225,226)	(231,983)	(238,942)
Less: Management Fee	(209,040)	(209,040)	(209,040)	(209,040)	(209,040)
Net Income	\$7,359,886	\$7,579,369	\$7,714,807	\$7,845,144	\$7,977,387
Permanent Bond Debt Service	(4,556,511)	(4,556,511)	(4,556,511)	(4,556,511)	(4,556,511)
Permanent Loan Debt Service	(1,330,045)	(1,330,045)	(1,330,045)	(1,330,045)	(1,330,045)
Total Permanent Debt Service	(\$5,886,556)	(\$5,886,556)	(\$5,886,556)	(\$5,886,556)	(\$5,886,556)
Debt Service Coverage ¹	1.25	1.29	1.31	1.33	1.36

¹Calculated by dividing Net Income by Permanent 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 improving 266 affordable units, all affordable at 60% of AMI, with 27 targeted at 30% of AMI and 27 at 50% 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, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.

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

Jaime Trejo
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: _____
2. Email: _____
2. Address and Zip Code: _____
3. Telephone Number: _____
4. Name of Principal Contact for CONTRACTOR: _____
5. Federal Identification Number or Social Security Number of CONTRACTOR: _____
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as (*select and upload requested documents*):

- A corporation (*Upload* Articles of Incorporation) See Exhibit C
- 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:



Attachment 7 - Developer's Disclosure Statements

SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
 - If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (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: See Exhibit A	
Address:	
Name: See Exhibit A	
Address:	
Name: See Exhibit A	
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.
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.



Attachment 7 - Developer's Disclosure Statements

SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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: See Exhibit A	
Address:	
Name: See Exhibit A	
Address:	
Name: See Exhibit A	
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: See Exhibit A	
Address:	
Name: See Exhibit A	
Address:	
Name: See Exhibit A	
Address:	



Attachment 7 - Developer's Disclosure Statements

SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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: Lincoln Avenue Capital Management LLC	Corporate operating entity for Lincoln Avenue Capital LLC and its affiliates
Address: (See Exhibit B)	
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: _____
- _____
- _____
- _____

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:
 Lincoln Avenue Capital plans to perform a substantial rehabilitation of the property using 4% Low-Income Housing Tax Credits allocated through the California Tax Credit Allocation Committee and an issuance of Private Activity Bonds through California Debt Limit Allocation Committee. The Project rehabilitation will be financed with Tax Credit Equity, an equity bridge loan, Citi Community Capital construction and permanent loan, seller carryback note, and deferred developer fee.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:
- a. In banks/savings and loans:
 - Name: _____
 - Address: _____
 - Amount: \$ _____
 - b. By loans from affiliated or associated corporations or firms:
 - Name: _____
 - Address: _____
 - Amount: \$ _____



Attachment 7 - Developer's Disclosure Statements

SAN DIEGO
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Real Estate Department

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

Description	Market Value (\$)	Mortgages or Liens (\$)
LACM LLC affiliated entity line of credit with Keybank	\$8.25MM undrawn as of 5/31	
LACM LLC affiliated entity cash balance at Citibank as of 5/31	\$4,266,119.86 as of 5/31	

Additional Information, as needed: _____

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

Name and Address	Contact Name
Name: See Exhibit D	
Address:	
Name: See Exhibit D	
Address:	
Name: See Exhibit D	
Address:	

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:



Attachment 7 - Developer's Disclosure Statements

SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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

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:	



Attachment 7 - Developer's Disclosure Statements

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Real Estate Department

- 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: _____

Complete one table for each project:

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



Attachment 7 - Developer's Disclosure Statements

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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



Attachment 7 - Developer's Disclosure Statements

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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

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:



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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.

****See Exhibit E**

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned



Attachment 7 - Developer's Disclosure Statements

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

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

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

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

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

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

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



Attachment 7 - Developer's Disclosure Statements

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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

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)



Attachment 7 - Developer's Disclosure Statements

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

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

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

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

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: _____



Attachment 7 - Developer's Disclosure Statements

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COMMISSION

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

1. Name: _____
 Address: _____
 Phone: _____
 Project Name and Description: _____
2. Name: _____
 Address: _____
 Phone: _____
 Project Name and Description: _____
3. Name: _____
 Address: _____
 Phone: _____
 Project Name and Description: _____

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

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

Name	Experience

Attachment 7 - Developer's Disclosure Statements



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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 21 day of June, 20 23, at San Diego, California.

CONTRACTOR

By: 
Signature


Title

Attachment 7 - Developer's Disclosure Statements



Real Estate Department

CERTIFICATION

The CONTRACTOR, Lincoln Avenue Capital LLC, 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: TJ By: _____
Title: VP Title: _____
Dated: 6/21/23 Dated: _____

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

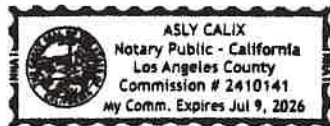
JURAT

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 21 day of June, 2023

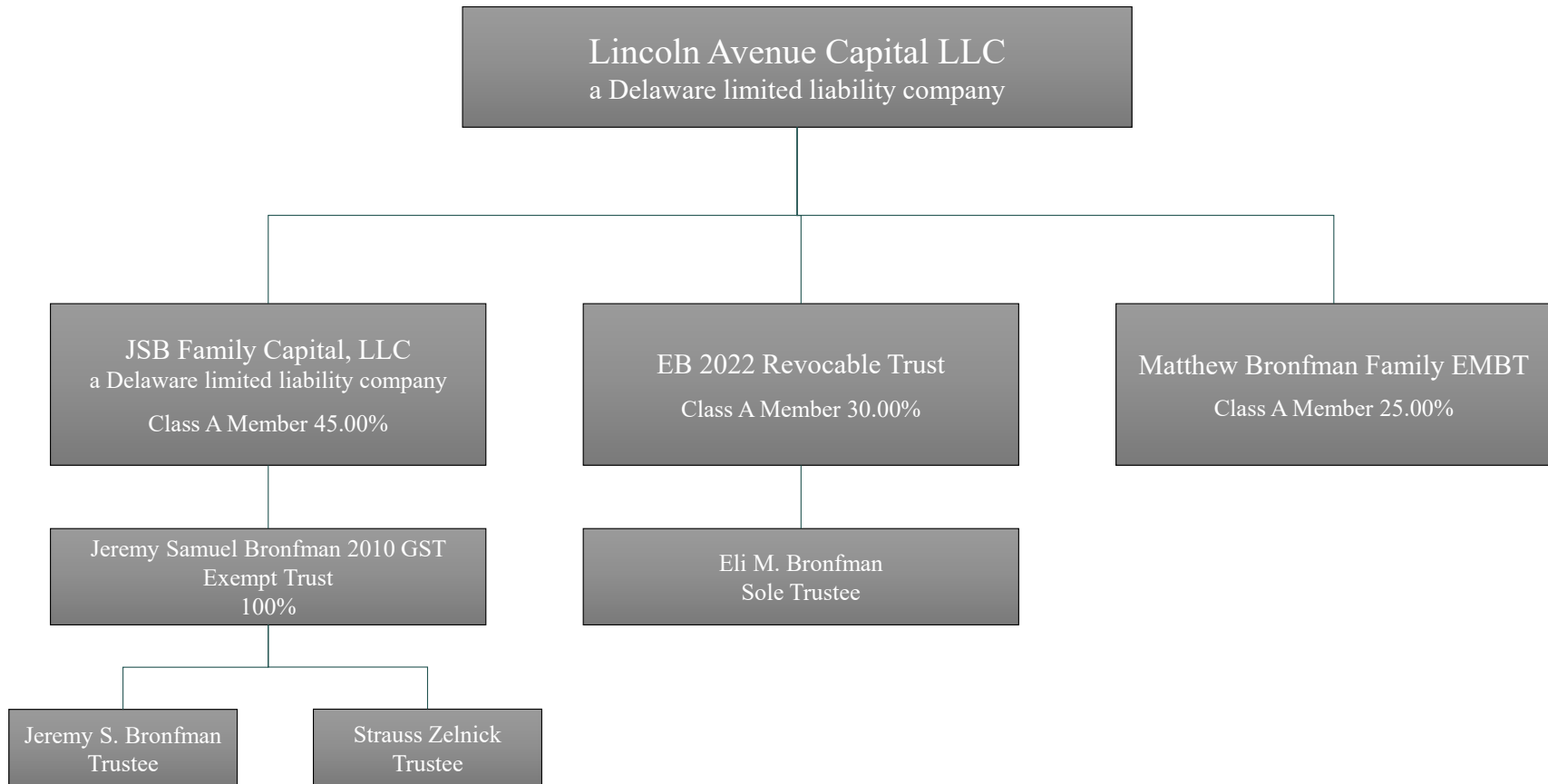
by Tyler Conger personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



[Signature]
Signature of Notary

SEAL

Attachment 7 - Developer's Disclosure Statements
Exhibit A - Lincoln Avenue Capital LLC

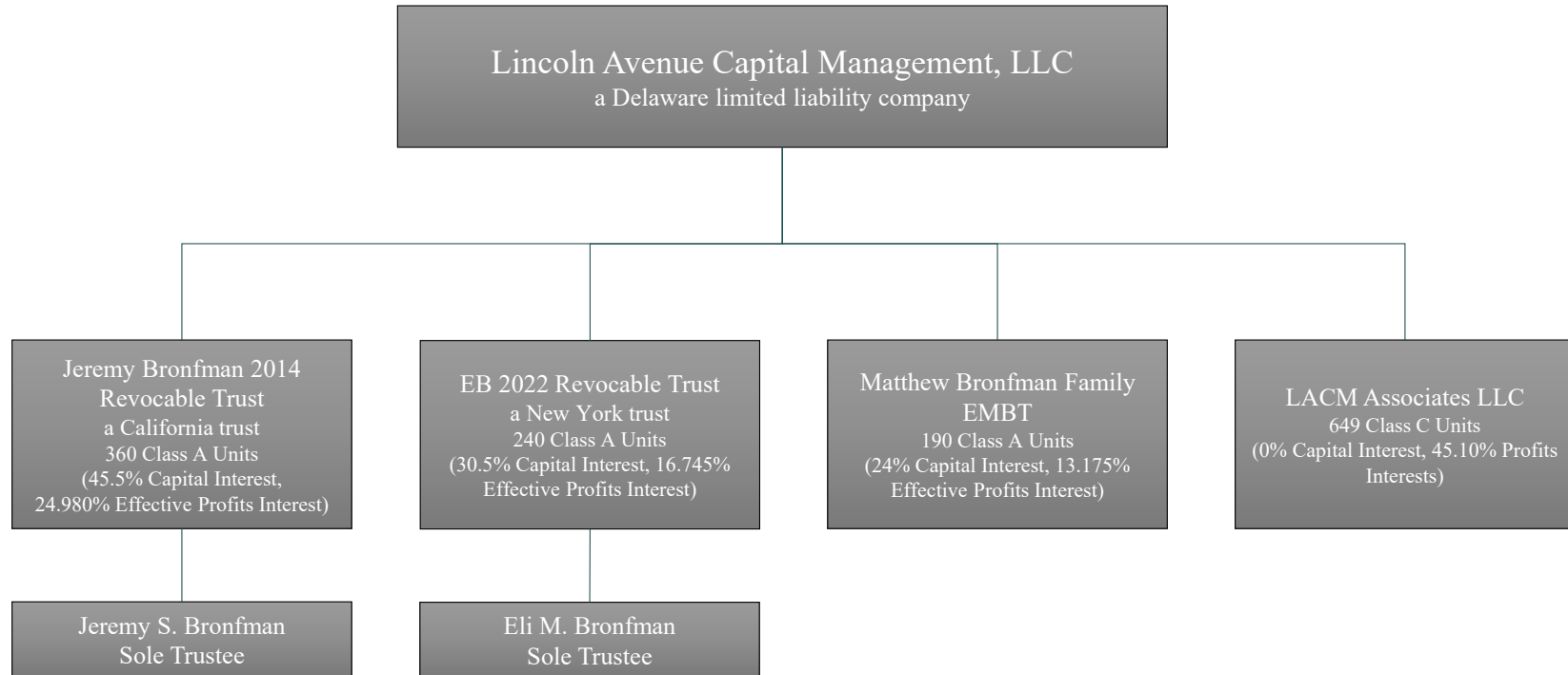


Address: 401 Wilshire Blvd Suite
1100 Santa Monica CA 90401

Phone Number: 424-222-8396

Attachment 7 - Developer's Disclosure Statements

Exhibit B - Lincoln Avenue Capital Management LLC



Address: 401 Wilshire Blvd Suite
1100 Santa Monica CA 90401

Phone Number: 424-222-8396

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "LINCOLN AVENUE CAPITAL LLC", FILED IN THIS OFFICE ON THE FIFTH DAY OF APRIL, A.D. 2016, AT 10:01 O`CLOCK A.M.




Jeffrey W. Bullock, Secretary of State

6008115 8100
SR# 20162075077

Authentication: 202093827
Date: 04-05-16

You may verify this certificate online at corp.delaware.gov/authver.shtml

Attachment 7 - Developer's Disclosure Statements

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:01 AM 04/05/2016
FILED 10:01 AM 04/05/2016
SR 20162075077 - FileNumber 6008115

CERTIFICATE OF FORMATION
OF
LINCOLN AVENUE CAPITAL LLC

I.

The name of the limited liability company is Lincoln Avenue Capital LLC.

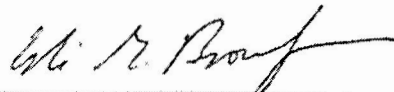
II.

The address of the company's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, State of Delaware, in the County of New Castle, 19808. The name of its registered agent at such address is Corporation Service Company.

III.

This Certificate of Formation shall be effective upon filing.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of April 5, 2016.



Eli Bronfman, Authorized Person

Exhibit D
Attachment 7 - Developer's Disclosure Statements
Bank Reference Contact Sheet

Entity: Lincoln Avenue Capital LLC

Reference# 1

Bank / Lender / Firm: Bridgewater Bank

Contact Name: Katie Klug

Contact Phone #: 651-605-2676

Contact Fax #:

Contact E-mail: katie.klug@bwbn.com

Reference Address: 370 Wabasha Street North St Paul MN 55102

Type of Account: Checking

Account Number: 81200834; 81201444

Reference# 2

Bank / Lender / Firm: JPMorgan Chase

Contact Name: Courtney Bogle

Contact Phone #: 212-270-6000

Contact Fax #:

Contact E-mail: courtney.w.bogle@jpmorgan.com

Reference Address:

Type of Account:

Attachment 7 - Developer's Disclosure Statements

Account Number:

Bank Reference Contacts

Page 1 of 2

Reference# 3

Bank / Lender / Firm:

KeyBank

Contact Name:

Brian Larsen

Contact Phone #:

206-343-6912

Contact Fax #:

Contact E-mail:

brian_j_larsen@keybank.com

Reference Address:

Type of Account:

Account Number:

Reference# 4

Bank / Lender / Firm:

Contact Name:

Contact Phone #:

Contact Fax #:

Attachment 7 - Developer's Disclosure Statements

Contact E-mail:

Reference Address:

Type of Account:

Account Number:

Reference# 5

Bank / Lender / Firm:

Contact Name:

Contact Phone #:

Contact Fax #:

Contact E-mail:

Reference Address:

Type of Account:

Account Number:

Attachment 7 - Developer's Disclosure Statements



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 06/20/2023

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 McGriff Insurance Services, LLC 3400 Overton Park Drive SE Suite 300 Atlanta, GA 30339	CONTACT NAME: PHONE (A/C, No, Ext): 404 497-7500 E-MAIL ADDRESS: michelle.barbre@mcgriff.com FAX (A/C, No):														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A :Texas Insurance Company</td> <td>16543</td> </tr> <tr> <td>INSURER B :Arch Specialty Insurance Company</td> <td>21199</td> </tr> <tr> <td>INSURER C :Allied World National Assurance Company</td> <td>10690</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A :Texas Insurance Company	16543	INSURER B :Arch Specialty Insurance Company	21199	INSURER C :Allied World National Assurance Company	10690	INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
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INSURER C :Allied World National Assurance Company	10690														
INSURER D :															
INSURER E :															
INSURER F :															
INSURED Lincoln Avenue Capital Management LLC 401 Wilshire Blvd Ste 1070 Santa Monica, CA 90401															

COVERAGES **CERTIFICATE NUMBER:**K98Y2CF3 **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
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			JT123PANN01432-02	03/31/2023	03/31/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$0			UXP1048032-01	03/31/2023	03/31/2024	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
C	Excess Liability			0311-7154	03/31/2023	03/31/2024	Each Occurrence \$ 8,000,000 Aggregate \$ 8,000,000 Retention \$ 0 \$

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

CERTIFICATE HOLDER Lincoln Avenue Capital Management, LLC 401 Wilshire Blvd Ste. 1070 Santa Monica, CA 90401	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
---	--



Attachment 7 - Developer's Disclosure Statements

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

Acct#: 2831423

6/16/2023

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 Lockton Companies, LLC 3657 Briarpark Dr., Suite 700 Houston, TX 77042	CONTACT NAME: 888-828-8365
	PHONE (A/C. No. Ext): FAX (A/C. No):
E-MAIL ADDRESS: INSPERITYCERTS@LOCKTONAFFINITY.COM	
INSURER(S) AFFORDING COVERAGE	
INSURER A: Ace American Insurance Co.	NAIC # 22667
INSURED LINCOLN AVENUE CAPITAL MANAGEMENT, LLC 401 WILSHIRE BLVD STE 1070 SANTA MONICA, CA 90401-1428	INSURER B:
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	C51643525	10/1/2022	10/1/2023	<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

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

CERTIFICATE HOLDER**CANCELLATION**

LINCOLN AVENUE CAPITAL MANAGEMENT, LLC
 401 WILSHIRE BLVD STE 1070
 SANTA MONICA, CA 90401

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

© 1988-2016 ACORD CORPORATION. All rights reserved.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000 TO FINANCE THE ACQUISITION, REHABILITATION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS SEA BREEZE GARDENS, 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, rehabilitation, and development of multifamily rental housing; and

WHEREAS, Sea Breeze Gardens Preservation LP, a California limited partnership (Borrower), has requested that the Authority issue and sell bonds for the purpose of making a loan to the Borrower to finance the Borrower's acquisition, rehabilitation and development of a 268-unit (including two managers' units) multifamily rental housing facility located at 4802-4890 Logan Avenue within the City of San Diego (City) and known as "Sea Breeze Gardens" (Project); and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for low income 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, rehabilitation 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 (Sea Breeze Gardens) Series 2024E (Bonds) in a principal amount not to exceed \$75,000,000, which Bonds are expected to be sold to Stifel, Nicolaus & Company, Incorporated (Underwriter), for a public offering; and

WHEREAS, the Authority will loan the proceeds of the Bonds to the Borrower (Loan) and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, rehabilitation 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 April 12, 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 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 Bonds in an aggregate principal amount not to exceed \$75,000,000 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 December 6, 2023, CDLAC allocated to the Project a total of \$75,000,000 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 the Trust Indenture (Indenture), by and between the Authority and U.S. Bank Trust Company, National Association (Trustee), including the form of the Bonds attached to the Indenture as Exhibit A,

(2) The form of Financing Agreement (Loan Agreement), by and among the Authority, the Trustee and the Borrower, including the form of the Bond Mortgage Note attached to the Financing Agreement as Exhibit A,

(3) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Borrower and the Trustee,

(4) The form of Intercreditor Agreement (Intercreditor Agreement), by and among the Authority, the Trustee, and Freddie Mac, as the credit enhancement provider for the Bonds,

(5) The form of the Bond Purchase Agreement (Bond Purchase Agreement), by and among the Authority, the Borrower and the Underwriter,

(6) The form of the Official Statement (Official Statement) to be used by the Underwriter in connection with the offering and sale of the Bonds, and

(7) The form of Termination Agreement (Termination Agreement), by and among the Authority, Wells Fargo Bank, National Association, and Westview Garden Partners, Ltd., related to the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2008, recorded against the Project property; 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 the Southern San Diego and Encanto Neighborhoods Community Plan Updates (Project No. 386029/SCH No. 2014051075) which was certified by City Council Resolution No. R-310077 (December 2, 2015) 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 processing under the National Environmental Policy Act is not required as no federal funds are involved in this action, 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 income and very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority approves the issuance of the Bonds in any number of subseries, in an aggregate principal amount not to exceed \$75,000,000. 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, and the Bond Mortgage Note attached thereto, 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 and Bond Mortgage Note 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 Intercreditor Agreement. The Intercreditor Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Intercreditor 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 Intercreditor Agreement approved in this Resolution.

Section 8. Approval of Bond Purchase Agreement. The Bond Purchase Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Bond Purchase 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 Bond Purchase Agreement approved in this Resolution.

Section 9. Approval of Official Statement. The Underwriter is authorized to distribute a preliminary Official Statement, in substantially the form placed on file with the Authority, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as any Designated Officer, with advice of counsel to the Authority, deems desirable, necessary or appropriate.

Section 10. Approval of Termination Agreement. The Termination Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Termination 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 Termination Agreement approved in this Resolution.

Section 11. 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 12. 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, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, may be taken or given by any of the Designated Officers, in consultation with the Authority's General Counsel, without further authorization by the Board, and the Designated Officers are authorized and directed to give any such consent, approval, notice, order or request and to take any action that any of the Designated Officers may deem necessary or desirable to further the purposes of this Resolution.

Section 13. 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 14. 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
05/06/2024
Or. Dept.: Housing Authority
Doc No. 3542941
Companion to R-2024-532

April 30, 2024

To: Housing Authority of the City of San Diego

From: Brian Haroldson, Esq.
Ron Lee, Esq.
Jones Hall, A Professional Law Corporation

Re: Sea Breeze Gardens

Summary of Blanks in Documents to be Considered on May 21, 2024

If approved by the Housing Authority of the City of San Diego (the “**Authority**”), the proposed Multifamily Housing Revenue Bonds (Sea Breeze Gardens), in one tax-exempt series (the “**Bonds**”) for Sea Breeze Gardens are expected to be issued in June 2024. The proposed forms of legal agreements relating to the Bonds consist of a Trust Indenture, Financing Agreement, Regulatory Agreement and Declaration of Restrictive Covenants, Preliminary Official Statement, Bond Purchase Agreement, and Intercreditor Agreement (collectively, the “**Financing Agreements**”) and contain certain blanks and bracketed items that relate generally to transaction pricing and closing timing.

Stifel, Nicolaus & Company, Incorporated, as bond underwriter (the “**Underwriter**”), will set the interest rate and other pricing terms closer to the closing date. The final amounts are dependent upon the market interest rates at the time of pricing. Because the Bonds are being sold to the public, Freddie Mac (“**Freddie Mac**”) is providing credit enhancement to enable an investment grade rating on the Bonds. U.S. Bank Trust Company, National Association, is serving as bond trustee (the “**Trustee**”). 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 	Bond Counsel & Underwriter
	Section 1.01 - Definitions - "Borrower Equity Deposit"	Borrower Equity Deposit	Borrower & Underwriter
	Section 1.01 - Definitions - "Costs of Issuance Deposit"	Costs of Issuance Deposit	Borrower & Underwriter
	Section 1.01 - Definitions - "Dissemination Agent" & "Dissemination Agent's Fee"	Identity of Dissemination Agent & Dissemination Agent's Fee	Borrower
	Section 1.01 - Definitions - "Ordinary Trustee's Fees and Expenses"	Ordinary Trustee's Fees and Expenses	Trustee
	Section 2.01(c)	Maturity Schedule	Underwriter
	Section 2.11(d)	Costs of Issuance Deposit	Borrower & Underwriter
	Section 3.01(a) & (c)	Optional Redemption terms	Underwriter
Regulatory Agreement	Throughout	<ul style="list-style-type: none"> • Dates • Number of manager's units (request made to CDLAC to have two manager's units) 	Bond Counsel
Financing Agreement	Throughout	<ul style="list-style-type: none"> • Dates • Dollar amounts 	Bond Counsel
	Section 3.3 – Initial Deposits	Deposits at Closing into funds and accounts created under the Indenture	Bond Counsel & Underwriter
	Section 4.2(b) – Payment of Certain Fees	Final amounts of Issuer fee and Trustee acceptance fee	Bond Counsel & Trustee
Bond Purchase Agreement	Throughout	<ul style="list-style-type: none"> • Dates • Dollar amounts 	Underwriter
	Exhibit A	Interest rates, principal amounts, prices of Bonds	Underwriter
	Exhibit C	Forms of Borrower Counsel	Borrower Counsel



		Opinions	
Preliminary Official Statement	Throughout	<ul style="list-style-type: none"> Dates Dollar amounts 	Underwriter
	Cover page	Termination date of Credit Enhancement Agreement	Freddie Mac
	Inside cover	Interest rates, principal amounts, prices of Bonds	Underwriter
	Page 7	Optional redemption terms – to be added after pricing Bonds	Underwriter
	Page 15	Term of taxable loan, including amortization	Underwriter
	Page 25	Underwriter’s fees	Underwriter
Intercreditor Agreement	Throughout	Dates	Freddie Mac
	Section 14 – Notices	Trustee and Servicer notice information	Trustee & Freddie Mac
	Exhibit A - Legal Description	Legal description of property	Title Company

BOOK-ENTRY ONLY

RATING: Moody's: "[Aaa]"
(See "RATING" herein.)

In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is, under existing law, exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

\$75,000,000*

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

Delivery Date: June __, 2024

Maturity: As shown on the inside cover

The Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the "Bonds") are being delivered in fully registered form only and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests with respect to the Bonds may be purchased only in book-entry form in denominations of \$5,000 or any integral multiple thereof. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Bondholders shall mean Cede & Co. and shall not mean the ultimate purchasers of the Bonds. See "THE BONDS – Book-Entry Only System." The Bonds shall bear interest at the rate, set forth on the inside front cover page hereof and as described herein. Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing December 1, 2024* (the "Interest Payment Date"). So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal of, premium, if any, and interest on, the Bonds will be made directly to DTC or its nominee, Cede & Co., by U.S. Bank Trust Company, National Association, a national banking association (the "Trustee"). Disbursements of such payments to DTC's Participants are the responsibility of DTC.

The Bond Mortgage Loan (as defined below) will be made pursuant to a Financing Agreement dated as of June 1, 2024 (the "Financing Agreement"), by and among Housing Authority of the City of San Diego (the "Issuer"), the Trustee and Sea Breeze Gardens Preservation LP, a California limited partnership (the "Borrower"), and upon the satisfaction of various conditions contained therein and in the Indenture.

The Bonds and the interest thereon are secured as set forth in the Trust Indenture dated as of June 1, 2024 (the "Indenture"), between the Issuer and the Trustee, including, without limitation, by the Issuer's interest in payments received under the Bond Mortgage Note (the "Bond Mortgage Note"), which evidences the Bond Mortgage Loan. Payments of principal of and interest on the Bond Mortgage Loan will be secured by the direct-pay Credit Enhancement Agreement, dated as of June 1, 2024 (the "Credit Enhancement Agreement" or the "Credit Facility"), between the Trustee and the Federal Home Loan Mortgage Corporation,

FREDDIE MAC

which is a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America ("Freddie Mac" or the "Credit Facility Provider"). The Credit Enhancement Agreement will terminate on ____, 20__ (or earlier as provided therein). See "APPENDIX G — FORM OF CREDIT FACILITY - CREDIT ENHANCEMENT AGREEMENT" herein. Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents, which conform to the terms and conditions of the Credit Enhancement Agreement, are irrevocable.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY ISSUER THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

The Bonds will be subject to redemption prior to their stated maturity dates at the prices, on the terms and upon the occurrence of the events described herein. The maturity of the Bonds may be accelerated upon the occurrence of certain events as further described herein. See "THE BONDS" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration; Other Remedies Upon Event of Default".

THE BONDS ARE NOT AND NEVER SHALL BECOME GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY AND ONLY FROM THE REVENUES AND THE OTHER SECURITY PLEDGED IN THE INDENTURE FOR SUCH PURPOSE, WHICH REVENUES, TOGETHER WITH ANY SUCH OTHER SECURITY PROVIDED IN THE INDENTURE, ARE SPECIFICALLY AND IRREVOCABLY GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, ALIENATED, ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND NEVER SHALL CONSTITUTE A DEBT OR AN INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE, OR A LOAN OF THE FAITH OR CREDIT OR THE TAXING POWER OF ANY OF THEM, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS, NOR SHALL THE BONDS BE CONSTRUED TO CREATE ANY MORAL OBLIGATION ON THE PART OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE WITH RESPECT TO THE PAYMENT OF THE BONDS. THE BONDS SHALL NOT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER, AND NEITHER THE ISSUER NOR THE STATE NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF WILL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THEREFOR.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

This cover page of this Official Statement contains certain information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The delivery of the Bonds is subject to the approval of certain legal matters by Jones Hall, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Credit Provider by its legal department, for the Borrower by its counsels, Levitt & Boccio, LLP, New York, New York, and Cox, Castle & Nicolson LLP, San Francisco, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.

STIFEL

Date: June __, 2024

* Preliminary; subject to change.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Bonds may not be sold, nor may an offer to buy, be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES*

\$75,000,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Sea Breeze Gardens)
Series 2024E

Maturity Date (____ 1)	Principal Amounts	Interest Rates	Price	CUSIP
	\$	%	%	

* Preliminary; subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No broker, dealer, salesperson or other Person has been authorized by the Issuer to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any Person in any jurisdiction in which it is unlawful for such Person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer and other sources believed to be reliable. This information is not guaranteed as to accuracy and is not to be construed as a representation of such by the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof.

The information set forth herein relating to the Project and the Borrower has been obtained from the Borrower, and all other information herein has been obtained by other sources believed to be reliable, but is not to be construed as a representation by the Issuer. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Borrower or the Issuer since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Freddie Mac has not provided or approved any information in this Official Statement except with respect to the descriptions under the caption "THE CREDIT PROVIDER" and takes no responsibility for any information contained in this Official Statement. Freddie Mac makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role will be limited to entering into the Credit Facility described herein.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or listed on any stock or other securities exchange and neither the Bond Resolution (as defined herein) nor the Indenture (as defined herein) will have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The exemption from registration or qualification of the Bonds in accordance with applicable provisions of the securities laws of various states likewise cannot be regarded as a recommendation of the Bonds. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy or the completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING

PRICE STATED ON THE COVER HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE “FORWARD LOOKING STATEMENTS”. IN THIS RESPECT, THE WORDS “ESTIMATE”, “PROJECT”, “ANTICIPATE”, “EXPECT”, “INTEND”, “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE ISSUER, FREDDIE MAC AND THE BORROWER COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD LOOKING STATEMENTS.

References in this Official Statement to statutes, laws, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is distributed in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information in this Official Statement concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry only system has been obtained from DTC and the Issuer takes no responsibility for the accuracy or completeness thereof. Such information has not been independently verified by the Issuer and the Issuer makes no representation as to the accuracy or completeness of such information.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ, a part of McGraw Hill Financial Inc., on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated on the cover page of this Official Statement. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

THIS OFFICIAL STATEMENT DESCRIBES THE BONDS, AND IS INTENDED SOLELY FOR USE WITH RESPECT TO THE BONDS.

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OFFICIAL STATEMENT

\$75,000,000*

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

INTRODUCTION

The following is a summary of certain information contained in this Official Statement, to which reference should be made for a more complete statement thereof. The Bonds are described to potential investors only by means of the entire Official Statement. Capitalized terms used but not defined herein will have the meanings ascribed to them as set forth under “APPENDIX A – DEFINITIONS OF CERTAIN TERMS.”

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, which includes the cover page and Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices hereto, must be considered in its entirety. Certain capitalized terms used in this Official Statement are defined herein and in the Appendices hereto. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture and the Financing Agreement (as such terms are defined herein).

General

The purpose of this Official Statement is to provide information in connection with the issuance by the Housing Authority of the City of San Diego (the “Issuer”) of the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “Act”), under a Trust Indenture dated as of June 1, 2024 (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and a resolution of the Issuer authorizing and approving the issuance and sale of the Bonds and execution and delivery of all related documents required to be executed and delivered by the Issuer (the “Bond Resolution”). The Issuer is using the proceeds of the Bonds to make a mortgage loan (the “Bond Mortgage Loan”) to Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California (the “Borrower”), to provide for the financing for the acquisition and rehabilitation of a multifamily rental housing development project, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Sea Breeze Gardens located at 4802-4890 Logan Avenue in the City of San Diego, California. See “PRIVATE PARTICIPANTS” herein.

The Bond Mortgage Loan will be made pursuant to a Financing Agreement to be dated as of June 1, 2024 (the “Financing Agreement”), by and among the Issuer, the Trustee and the Borrower, and upon the satisfaction of various conditions contained therein and in the Indenture.

The Borrower’s repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated the Delivery Date (together with all riders and addenda thereto, the “Bond Mortgage Note”) delivered to the Issuer, which Bond Mortgage Note will be endorsed by the Issuer to the

* Preliminary; subject to change.

Trustee. Payments on the Bond Mortgage Loan will be made by the Borrower to Berkadia Commercial Mortgage LLC, as servicer (the “Servicer”) for the benefit of the Trustee. The principal amount and payment provisions of the Bond Mortgage Note have been established and structured so that (a) the aggregate principal amount of the Bond Mortgage Note will not be less than the aggregate principal amount of Outstanding Bonds; (b) the interest payable on the Bond Mortgage Note will not be less than the interest payable on the Outstanding Bonds; and (c) the required payments under the Bond Mortgage Note will be timely and sufficient in amount to make the payments due to the Bondholders on the Outstanding Bonds.

On the Delivery Date, the Issuer will assign the Financing Agreement (except for the Issuer’s Unassigned Rights) to the Trustee for the benefit of the registered owners of the Bonds. In addition to the other security provided under the Indenture, the required payments under the Bond Mortgage Note will be secured by Guaranteed Payments under a direct-pay Credit Enhancement Agreement dated as of June 1, 2024 (the “Credit Enhancement Agreement” or the “Credit Facility”), between the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “Credit Provider”) and the Trustee. A form of the Credit Enhancement Agreement is attached hereto as Exhibit G. The obligation of the Borrower to reimburse Freddie Mac for funds provided by Freddie Mac pursuant to the Credit Enhancement Agreement is established by the terms and conditions of a Reimbursement and Security Agreement dated as of June 1, 2024 (the “Reimbursement Agreement”) by and between the Borrower and Freddie Mac. See “SECURITY FOR THE BONDS — The Credit Enhancement Agreement,” “APPENDIX F — SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” and “APPENDIX G — FORM OF CREDIT FACILITY - CREDIT ENHANCEMENT AGREEMENT.”

To secure the Borrower’s obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Issuer a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of the Indenture (the “Bond Mortgage”) with respect to the Project, which Bond Mortgage will be assigned to the Trustee.

Under the Credit Enhancement Agreement, subject to certain terms and conditions set forth therein, on any Interest Payment Date, or any date Bonds are called for optional or mandatory redemption, and on the maturity date of the Bond Mortgage Note, Freddie Mac is required to pay the Guaranteed Payment (as defined herein). See “THE BONDS,” “APPENDIX A — DEFINITIONS OF CERTAIN TERMS” and “APPENDIX G — FORM OF CREDIT FACILITY - CREDIT ENHANCEMENT AGREEMENT.”

So long as Freddie Mac is not in default in its payment obligations under the Credit Enhancement Agreement, Freddie Mac shall control and shall have the right to exercise the Bond Mortgage Rights (as defined in the Intercreditor Agreement).

Pursuant to an Intercreditor Agreement dated as of June 1, 2024 (the “Intercreditor Agreement”), among the Issuer, the Trustee and Freddie Mac with respect to the Bonds, neither the Trustee nor the Bondholders will have the right to exercise remedies under the Bond Mortgage while the Credit Enhancement Agreement secures the Bonds and Freddie Mac continues to honor its obligations thereunder. The Borrower will also execute a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 1, 2024 (the “Reimbursement Mortgage”) for the benefit of Freddie Mac to secure the Borrower’s obligations under the Reimbursement Agreement.

In order to assure compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there has been executed and delivered a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date of the Indenture (the “Regulatory Agreement”), by and among the Issuer, the Trustee and the Borrower. The Regulatory Agreement requires that the residential rental units in the Project be occupied or held for occupancy by tenants with incomes below the levels described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY

AGREEMENT” hereto at restricted rents. The Project will be further restricted as described under the heading “PRIVATE PARTICIPANTS” herein.

The Servicer (as defined herein) will act as servicer for the Bond Mortgage Loan and payments on the Bond Mortgage Loan will be made by the Borrower to the Servicer for the benefit of the Trustee. See “THE SERVICER” herein.

FREDDIE MAC’S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT FACILITY, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY ISSUER THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

THE BONDS ARE NOT AND NEVER SHALL BECOME GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY AND ONLY FROM THE REVENUES AND THE OTHER SECURITY PLEDGED IN THE INDENTURE FOR SUCH PURPOSE, WHICH REVENUES, TOGETHER WITH ANY SUCH OTHER SECURITY PROVIDED IN THE INDENTURE, ARE SPECIFICALLY AND IRREVOCABLY GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, ALIENATED, ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND NEVER SHALL CONSTITUTE A DEBT OR AN INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE, OR A LOAN OF THE FAITH OR CREDIT OR THE TAXING POWER OF ANY OF THEM, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS, NOR SHALL THE BONDS BE CONSTRUED TO CREATE ANY MORAL OBLIGATION ON THE PART OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE WITH RESPECT TO THE PAYMENT OF THE BONDS. THE BONDS SHALL NOT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER, AND NEITHER THE ISSUER NOR THE STATE NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF WILL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THEREFOR.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the Indenture and the Financing Agreement are included in this Official Statement. All references herein to the Indenture, the Financing Agreement, the Assignment, the Credit Facility, the Regulatory Agreement, the Reimbursement Agreement, the Bond Mortgage and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, Freddie Mac nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968 by resolution of the City Council of the City of San Diego (the "Council"). The nine members of the Council serve as members of the Issuer.

In January 1979, a seven-member commission (the "Housing Commission") took office to administer the functions of the Issuer. The Housing Commission is responsible for the development of low-income rental projects, implementation of financing to promote low-income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock.

The seven members of the board of the Housing Commission ("Commissioners") are appointed by the Mayor and approved by the Council. Eugene Mitchell currently serves as Chair of the Housing Commission. Oversight of the Housing Commission is provided by the Issuer. Two of the positions on the board of Commissioners are reserved for residents of agency-owned housing units or recipients of federal Section 8 Housing Choice Voucher rental assistance. One of these members must be 62 years of age or older. Commissioners who are residents of affordable housing or are rental assistance recipients serve for terms of two years, or until a replacement is appointed. The five remaining Commissioners serve terms of four years, or until a replacement is appointed.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEY PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

THE BONDS

General

The Bonds shall be dated the date of their delivery and shall bear interest and mature on the dates set forth on the inside cover page of this Official Statement. The Bonds are issuable as fully registered bonds initially in the minimum denomination of \$5,000 principal amount or any integral multiple thereof within a maturity, and are available in book-entry only form. See “Book-Entry Only System” below. Interest on the Bonds will be payable on June 1 and December 1, commencing on December 1, 2024*, at the fixed rates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Principal of and premium, if any, and interest on the Bonds will be payable by check mailed to the person whose name appears on the Bond Register on the Record Date, provided that, upon written request of a registered owner of at least \$1,000,000 aggregate principal amount of Bonds received by the Trustee at least five (5) Business Days prior to a Record Date, payment will be made to such owner by electronic transfer pursuant to the provisions of the Indenture.

Any Bond may be transferred only upon an assignment duly executed by the registered owner or his or her duly authorized representative in such form as will be satisfactory to the Bond Registrar and upon surrender of such Bond to the Trustee for cancellation. Any Bond may be exchanged at the Principal Office of the Trustee for a new fully registered Bond or Bonds, of the same maturity, of any authorized denomination or denominations, for the aggregate amount of such Bond then Outstanding. In all cases in which Bonds will be transferred or exchanged, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. Neither the Issuer nor the Trustee will be required to make any such exchange, registration or transfer of Bonds during the period of 15 days immediately preceding an Interest Payment Date, or, in the case of any proposed redemption of Bonds, during the period of 15 days immediately preceding the selection of Bonds for such redemption and after the giving of notice of redemption, the Trustee is not required to transfer or exchange any Bond or portion thereof which has been called for redemption.

Book-Entry Only System

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s Book-Entry System has been obtained from DTC and has not been independently verified by the Issuer, the Trustee, the Borrower, the Underwriter or any of their respective counsel, members, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof, is made by the Issuer, the Trustee, the Borrower, the Underwriter or any of their respective counsel, members, officers or employees.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds in the aggregate principal amount of such issue, and will be deposited with, or held by the Trustee as custodian for, DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law,

* Preliminary; subject to change.

a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption or purchase price payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption or purchase price payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of Bonds in connection with a mandatory tender for purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but neither the Issuer nor the Borrower takes any responsibility for the accuracy thereof.

Redemption of Bonds Prior to Maturity

Optional Redemption

The Bonds are not subject to optional redemption prior to _____ 1, 20__*. On and after _____ 1, 20__*, the Bonds are subject to optional redemption from payments made under the Credit Facility (subject to the limitations set forth in subsection (iii) of this section or with other Eligible Funds deposited with the Trustee,

- (i) with the prior written consent of the Credit Facility Provider, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and the Financing Agreement on any Business

* Preliminary; subject to change.

Day, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the redemption date.

(ii) [Intentionally Omitted].

(iii) Optional redemption of Bonds at a premium may only be made if the Trustee shall have received Eligible Funds (not consisting of funds drawn under the Credit Facility) on or prior to the redemption date in an amount sufficient to pay the applicable redemption premium.

(iv) The Trustee shall effect a redemption of Bonds pursuant to this section at the earliest practicable date for which notice may be given hereunder but in no event later than 35 days following its receipt of money representing an optional prepayment of the Bond Mortgage Loan.

Mandatory Redemption

The Bonds are subject to mandatory redemption on any Business Day, in whole or in part as indicated below, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, at the earliest practicable date from payments made under the Credit Facility upon the occurrence of any of the following:

(i) in whole or in part, upon receipt by the Trustee of (1) proceeds of a draw under the Credit Facility, in the amount of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for the draw under the Credit Facility as a result of casualty or condemnation of the Project and (2) a written direction by the Credit Facility Provider to redeem such Bonds using money obtained as a result of a draw upon the Credit Facility; or

(ii) in whole or in part, upon receipt by the Trustee of amounts from the Credit Facility Provider pursuant to the Credit Facility as a result of the occurrence of an event of default (after expiration of any notice and cure periods) under any Bond Mortgage Loan Document and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds pursuant to the Credit Facility; or

(iii) [Intentionally Omitted]; or

(iv) [Intentionally Omitted]; or

(v) in part, as provided in the “Mandatory Sinking Fund Redemption” below; or

(vi) [Intentionally Omitted]; or

(vii) [Intentionally Omitted]; or

(viii) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project, to the extent amounts remaining in the Project Account of the Bond Mortgage Loan Fund are transferred to the Redemption Fund pursuant to the Indenture; or

(ix) in part, upon receipt by the Trustee of (1) a written direction by the Credit Facility Provider to redeem Bonds pursuant to the Credit Facility in the event the Borrower is required to make a Tax Abatement Prepayment (as defined in the Reimbursement Agreement) in accordance

with the terms of the Reimbursement Agreement and the Reimbursement Security Instrument and (2) amounts from the Credit Facility Provider pursuant to the Credit Facility.

Mandatory Sinking Fund Redemption

The Bonds are subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the table(s) below; provided that if less than all the Bonds shall have been redeemed pursuant to the Indenture, the amount of Bonds to be redeemed in each year from sinking fund installments as provided in the Indenture shall be decreased by an amount, in proportion, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Loan in such year as determined by the Trustee (in consultation with the Servicer):

<u>Sinking Fund Payment Date*</u>	<u>Amount</u>
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Selection of Bonds for Redemption

The Trustee shall select Bonds subject to mandatory sinking fund redemption pursuant to the Indenture by lot within the appropriate maturity. If less than all the Bonds then Outstanding shall be called for redemption other than as a result of mandatory sinking fund redemption pursuant to the Indenture, the Trustee shall redeem an amount of Bonds so that the resulting decrease in debt service on the Bonds in each semiannual period ending on an Interest Payment Date is proportional, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Note in each such semiannual period, as verified by the Servicer, and the Bonds shall be selected by lot within each maturity, the cost of such selection being at the Borrower's expense.

Bonds shall be redeemed pursuant to the Indenture only in Authorized Denominations.

Notice of Redemption

Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, or by facsimile transmission, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than twenty (20) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

Notices of redemption shall state the redemption date and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption only if bonds cease to be book entry bonds; (ii) the CUSIP numbers of all Bonds being redeemed if available; (iii) the amount of each Bond being redeemed (in the case of a partial redemption); (iv) the date of issue of the Bond as originally issued; (v) the rate of interest borne by each

* Preliminary; subject to change.

† Stated maturity.

Bond redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the possibility of a purchase of Bonds in lieu of redemption, if applicable; (viii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date of redemption, including, as provided in the Indenture, that Eligible Funds are available to pay any redemption premium or the redemption price, as and if applicable, on the Bonds; and (ix) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each notice of redemption shall state that further interest on such Bonds will not accrue from and after the redemption date and that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee unless the Bonds are then held in a book entry only system of registration.

Notice of such redemption shall also be sent by first class mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to the Credit Facility Provider, to the Servicer, to the Rating Agency, to all of the Securities Depositories and to the Information Service that disseminates securities redemption notices, when possible, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In addition to providing notice of redemption as set forth above, if the Bonds are no longer held in book-entry form, the Trustee shall send a second notice of redemption within sixty (60) days following the redemption date, by first class mail, overnight delivery service, or other secure means, postage prepaid to the registered Owners of any Bonds called for redemption, at their addresses appearing on the Bond Register as of the Record Date immediately preceding the redemption date, who have not surrendered their Bonds for redemption within thirty (30) days following the redemption date.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or to any depository or Information Service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as herein provided.

Effect of Notice of Redemption

If a conditional notice of redemption has been provided pursuant to the terms of the Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in the Indenture and if either there were no conditions to such redemption or the conditions have been satisfied, and money for the redemption being held by the Trustee or Paying Agent for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof.

Purchase of Bonds in Whole in Lieu of Redemption

Notwithstanding anything in the Indenture to the contrary, at any time the Bonds are subject to redemption in whole pursuant to the provisions of the Indenture, all (but not less than all) of the Bonds to be redeemed may be purchased by the Trustee (for the account of the AGP or the Credit Facility Provider or their respective designee, as directed by such party) on the date which would be the redemption date at the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider (which direction shall specify that such purchase is pursuant to the Indenture and shall be

given no later than 5:00 p.m., Washington, D.C. time on the Business Day immediately prior to such redemption date), at a purchase price equal to the redemption price which would have been applicable to such Bonds on the redemption date. The Bonds shall be purchased in lieu of redemption only from amounts provided by the Credit Facility Provider or from other Eligible Funds. In the event the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the holders of the Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Trustee shall be authorized to apply to such purpose the funds in the Redemption Fund which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Such Bonds so purchased for the account of the AGP shall for all purposes under the Indenture constitute Purchased Bonds held by the Custodian pursuant to the Pledge Agreement. The Credit Facility Provider shall have the right to direct the transfer of Purchased Bonds (without reinstatement of the Credit Facility which will result in such Bonds being unrated) to the Credit Facility Provider or any subsidiary of the Credit Facility Provider, or to a single Bondholder which has provided the Trustee with an purchaser's letter in the form attached as an exhibit to the Indenture (and otherwise subject to the provisions of the Indenture), provided that any transfer to a single Bondholder as described above shall require delivery of an opinion of Bond Counsel to the Trustee to the effect that such transfer will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Such Purchased Bonds, if not transferred as provided herein, shall be deemed redeemed and cancelled automatically by the Trustee on the date which is not later than two (2) years from the date of purchase, unless an opinion of Bond Counsel is delivered to the Trustee to the effect that not redeeming and canceling such Purchased Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Any purchase of Bonds hereunder is not intended as an extinguishment of the debt represented by the Bonds.

SECURITY FOR THE BONDS

General

Under the Indenture, the Issuer grants to the Trustee a security interest in the following property described below to secure the Bonds (said property being herein referred to as the "Trust Estate"). The Trust Estate is granted to the Trustee in order to secure, first, the payment of principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and, second, the payment to Freddie Mac of the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee or the payment of amounts due and owing to any other Credit Facility Provider following termination of the Credit Enhancement Agreement, and the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and in the Bonds:

(a) all right, title and interest of the Issuer in and to all Revenues;

(b) all right, title and interest of the Issuer (other than the Unassigned Rights) in and to the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage and the Credit Facility, including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards subject to the interest of the Credit Facility Provider under the Reimbursement Agreement and the Intercreditor Agreement), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents; and

(c) except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund, the Borrower Equity Account, the Credit Facility Reimbursement Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time thereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Special, Limited Obligations

The Bonds are special, limited obligations of the Issuer, payable solely from the Trust Estate and from moneys available to be drawn by the Trustee under the Credit Facility. The Bonds are not in any way a debt of the State or of any other political subdivision of the State and shall not create or constitute an indebtedness, liability or obligation of the State or any other political subdivision of the State. Neither the State nor any other political subdivision of the State will be liable for the payment of the Bonds. The faith and credit of the Issuer, the State or any political subdivision of the State are not pledged to the payment of the principal of or redemption price, if any, or interest on the Bonds. The Issuer has no taxing power.

Notwithstanding anything to the contrary contained in the Indenture or in the Bonds, the Issuer shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or redemption price, if any, or interest on the Bonds or for any other purpose of the Indenture. Notwithstanding any provisions of the Indenture to the contrary, no recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Bond shall be had against the Issuer, it being expressly agreed and understood that the obligations of the Issuer under the Indenture, and under the Bonds and elsewhere, are solely special, limited obligations of the Issuer and shall be enforceable only out of the Issuer's interest in the Indenture and the Financing Agreement (except for the Issuer's rights to payment of certain costs, fees and expenses as set forth in the Indenture, the Financing Agreement and elsewhere) and there shall be no other recourse against the Issuer or any property now or thereafter owned by it and after entry of judgment against the Issuer by virtue of the power contained in the Indenture, the Issuer may mark the judgment index to the effect that the judgment is limited as aforesaid.

Credit Enhancement Agreement

Freddie Mac is delivering to the Trustee the Credit Enhancement Agreement pursuant to which, subject to certain requirements set forth therein, Freddie Mac is required to pay Guaranteed Payments with respect to the Bond Mortgage Loan when and in the amounts due, and the Purchase Price of the Bonds in the event of a purchase in lieu of redemption in accordance with the terms of the Indenture and Credit Enhancement Agreement. See "APPENDIX G — FORM OF CREDIT FACILITY - CREDIT ENHANCEMENT AGREEMENT".

Information regarding the Reimbursement Agreement is contained in "APPENDIX F — SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" and further information regarding Freddie Mac is contained herein under the caption "THE CREDIT PROVIDER".

THE CREDIT PROVIDER

The information under this heading has been provided solely by Freddie Mac and has not been independently verified by the Issuer, the Trustee, the Borrower, the Underwriter, the Servicer or any of their respective counsel, members, officers or employees or Bond Counsel. No representation whatsoever

as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Trustee, the Borrower, the Underwriter, the Servicer or any of their respective counsel, members, officers or employees or Bond Counsel. The information is qualified in its entirety by reference to the Incorporated Documents, as defined below.

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the “Freddie Mac Act”). Freddie Mac’s statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac’s securities or obligations.

Freddie Mac’s principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Issuer (“FHFA”) appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the “Reform Act”) and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury (“Treasury”) entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Exchange Act”), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Official Statement, which means that Freddie Mac is disclosing information to you by referring you to those documents rather than by providing you with separate copies. Freddie Mac incorporates by reference in this Official Statement its proxy statement, and all documents that Freddie Mac files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the offering of the Bonds, excluding any information that Freddie Mac may “furnish” to the SEC but that is not deemed to be “filed.” Freddie Mac also incorporates by reference its Registration Statement on Form 10,

in the form declared effective by the SEC on July 18, 2008 (the “Registration Statement”). These documents are collectively referred to as the “Incorporated Documents” and are considered part of this Official Statement. You should read this Official Statement, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Official Statement. Therefore, you should rely only on the most current information provided or incorporated by reference in this Official Statement.

You may read and copy any document Freddie Mac files with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC’s web site at <http://www.sec.gov>.

Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac’s role is limited to discharging its obligations under the Credit Enhancement Agreement.

FREDDIE MAC’S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY ISSUER THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

PLAN OF FINANCING

The estimated sources and uses for the Project are projected to be approximately as follows:

Sources of Funds*

Bonds	\$75,000,000
Taxable Mortgage Loan	21,131,482
Tax Credit Equity ¹	53,314,107
Seller Note	6,707,086
Deferred Developer Fee	1,551,711
GP Capital Contribution	<u>100</u>
Total	<u>\$157,704,486</u>

Uses of Funds*

Acquisition	\$116,400,000
Construction	22,271,688
Project Soft Costs	3,849,438
Tax Credit Fees	169,967
Bond Costs	539,250
Equity Bridge Loan Costs	4,238,741
Permanent Loan Costs	1,508,118
Closing Costs	290,450
Escrows and Reserves	2,229,124
Developer Fee	<u>6,207,710</u>
Total	<u>\$157,704,486</u>

¹ A portion of the tax credit equity is expected to be initially funded using an equity bridge loan, which will then be repaid with capital contributions from the Investor Limited Partner.

All costs of issuing the Bonds, including the Underwriter’s fee, will be paid by the Borrower.

The Taxable Mortgage Loan. In addition to the Bond Mortgage Loan, the Project will utilize a taxable mortgage loan (the “Taxable Mortgage Loan”) from the Servicer and to be assigned to Freddie Mac. The Taxable Mortgage Loan is expected to be in the original principal amount of \$21,131,482* and will bear interest at a rate of 6.24%* per annum. The Taxable Mortgage Loan will have a term of ___ years and will be amortized over 40 years.

[Add hyper-amortizing description]

The Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Limited Partner a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Federal Low Income Housing Tax Credit equity will total approximately \$53,314,107*, with an initial capital contribution of \$7,999,948*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Seller Note. The Project will also utilize a seller carryback loan in the principal amount of \$6,707,086* (the “Seller Carryback Loan”). The obligation to repay the Seller Carryback Loan will be set forth in a promissory note (the “Seller Carryback Note”) from the Borrower to Westview Garden Partners,

* Preliminary; subject to change.

Ltd. (the “Seller”) and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Seller Carryback Note will be unsecured. The Seller Carryback Note will have a term of 55 years and will bear interest at a rate of 10% per annum, with annual principal and interest not otherwise paid, due at maturity.

Deferred Developer Fee. The Project also is expected to utilize deferred developer fee in the anticipated amount of \$1,551,710* as a source of funding. The deferred developer fee will be paid by the Borrower to the Developer from surplus cash flow received through the operation of the Project.

The HAP Contract

The Borrower will receive the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) covering 100% of the revenue-generating units at the Project.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the “Section 8 Program”) is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by contract administrators selected by HUD. The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the “contract rent” for the unit approved by HUD and the eligible tenant’s contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in the HAP Contract, are the “contract rents” for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract, or take other sanctions. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest of the Loan.

Project Regulation

The Borrower intends to rehabilitate and operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Issuer and the Trustee will enter into the Regulatory Agreement. Under the Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period, the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). Under the Regulatory Agreement, the Borrower will further agree to rent at least 10% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 50% of the median area income. The Qualified Project Period commences on the later of the Closing Date or the first day on which at least 10% of the units are occupied

* Preliminary; subject to change.

and continues until the latest of (a) the date which is fifteen (15) years after the later of the Closing Date or the date on which at least ten percent (10%) of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bonds 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 National Housing Act terminates. The failure of the Borrower to comply with the Regulatory Agreement could cause interest on the Bonds to be included in gross income for federal income tax purposes. See APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.

The Project will also be encumbered by an Extended Use Agreement required by Section 42 of the Code relating to tax credits, which will (a) restrict the income levels of 100% of the units in the Project to amounts not greater than 60% of the area median income adjusted for family size, and (b) restrict the rents which may be charged to the tenants for occupancy of units in the Project to not more than 30% of 60% of area median income, adjusted for family size. The extended use agreement restricts 10% of units at or below 50% AMI and 90% of units at or below 60% AMI. Upon the completion of the rehabilitation, the Project will record a new land use restriction agreement with the California Tax Credit Allocation Committee that restricts 10% of units at or below 30% AMI, 10% of units at or below 50% AMI and 80% of units at or below 60% AMI.

Additional restrictions will be imposed on the Project pursuant to a HUD use agreement entered into by the Borrower in connection with the HAP Contract.

Real Estate Tax Exemption

The Project is expected to qualify for an exemption from real estate taxes, in accordance with Section 214(g) of the California Revenue and Taxation Code. This statutory exemption is available to properties with a nonprofit managing general partner, a regulatory agreement restricting at least 20% of the units to 80% of AMI and below, and government financing. With all of the units (not including managers' units) restricted at or below 80% of AMI, the property is expected to qualify for a 100% exemption, provided a unit shall cease to be treated as being restricted at or below 80% of AMI for so long as it is occupied by an over-income tenant household (specifically, when the income of the occupants of the unit increases above 140% of AMI, adjusted for family size).

PRIVATE PARTICIPANTS

The following has been provided solely by the Borrower. Certain financial information with respect to the Project is included herein. Neither the Issuer, Freddie Mac nor any of their officers or employees, make any representations as to the accuracy or sufficiency of such information.

The Borrower

The Borrower is Sea Breeze Gardens Preservation LP, a California limited partnership (the "Borrower"). The Borrower is a single-purpose entity formed to acquire, rehabilitate and operate the Project. The Borrower's managing general partner is PacH Sea Breeze Holdings LLC, a California limited liability company (the "Managing General Partner"), which will have a 0.001% ownership interest in the Borrower. The administrative general partner of the Borrower is Sea Breeze Gardens Preservation GP LLC, a Delaware limited liability company (the "AGP"), and will own 0.009% interest in the Borrower. Berkadia Housing Partnership XI 2022 LP., a Delaware limited partnership (the "Investor Limited Partner"), will own a 99.99% interest in the Borrower. Riverside Manager, LLC, a New Jersey limited liability company d/b/a Berkadia Affordable Manager (the "Special Limited Partner"), will own a 0.00% interest in the Borrower.

The Developer

The developer is Seabreeze Developer LLC, a Delaware limited liability company (the “Developer”), located in Santa Monica, California. The Developer is an affiliate of Lincoln Avenue Communities (“LAC”). LAC was started in 2016 and has seven years of experience in affordable housing development. LAC has developed more than 20,000 units in 26 states. The Developer and LAC are affiliates of the AGP.

The Investor Limited Partner

Simultaneously with the issuance of the Bonds, the Borrower expects the Managing General Partner, AGP and the Investor Limited Partner to enter into an amended and restated agreement of limited partnership of the Borrower pursuant to which the Investor Limited Partner will acquire a 99.99% ownership interest in the Borrower. Pursuant to the offer, the equity funding arrangements for the funding of the tax credit equity are expected to be in the total amount set forth under “PLAN OF FINANCING” herein paid in stages during and after rehabilitation of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Limited Assets and Obligations of Borrower, AGP, Managing General Partner and Investor Limited Partner

The Borrower, the AGP and the Managing General Partner have no substantial assets other than the Project and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the Investor Limited Partner and its affiliates and affiliates of the Managing General Partner and the AGP are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Financing Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Bond Mortgage Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its partners are included in this Official Statement.

The Architect

The architect for the Project is Ebersoldt + Associates (the “Architect”). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for 17 years and has been the principal architect for approximately 225 multifamily developments with an excess of 18,500 units throughout over 35 states.

The General Contractor

The general contractor for the Project will be Paragon Construction Company (the “General Contractor”). The General Contractor is not an affiliate of the Developer. The General Contractor and its affiliated construction companies have been constructing and rehabilitating multifamily rental housing developments for over four years and have rehabilitated over 14 projects, with nearly 1,900 units.

The Property Manager

The Project will be managed by FPI Management, Inc., or its affiliates (collectively, the “Property Manager”). The Property Manager is not an affiliate of the Developer. The Property Manager has been involved in the management of apartment complexes since 1968. The Property Manager currently manages more than 1,200 apartment communities comprising a total of approximately 165,000 units throughout 23 states. The Property Manager was formed in 1968 and currently has a staff of 700 corporate personnel and 3,100 site employees.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Sea Breeze Gardens, is located in San Diego, California, on an approximately 15.72-acre site. The Project contains 268 apartment units ([including two manager units]) located in 36 buildings. Construction of the Project is anticipated to commence in June 2024 and be completed approximately 18 months later.

The building construction consists of 36 residential buildings, including 268 residential units with one community space, one commercial space, and six standalone laundry facilities. Common area improvements will include: refreshed clubhouse with leasing area, resident services space and community room, as well as playground. There are 292 parking spaces for resident use only.

The unit mix and approximate square footage for the units of the Project is as follows:

<u>Unit Type</u>	<u>Average Square Feet</u>	<u>Number of Units</u>
2 bedroom 1 bath	750	100
3 bedroom 1.5 bath	1,050	<u>168</u>
TOTAL		268

THE SERVICER

The information under this heading has been provided solely by the Servicer and has not been independently verified by the Issuer, the Trustee, the Borrower, the Underwriter, Freddie Mac or any of their respective counsel, members, officers or employees or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Trustee, the Borrower, the Underwriter, Freddie Mac or any of their respective counsel, members, officers or employees or Bond Counsel.

Berkadia Commercial Mortgage, LLC (the “Servicer”) will perform mortgage servicing functions with respect to the Bond Mortgage Loan pursuant to the Reimbursement Agreement and related documents on behalf of and in accordance with Freddie Mac requirements. The servicing arrangements between Freddie Mac and the Servicer for servicing the Bond Mortgage Loan are solely between Freddie Mac and the Servicer and neither the Issuer nor the Trustee is deemed to be a party thereto or has any claim, right, obligation, duty or liability with respect to the servicing of the Bond Mortgage Loan.

The Servicer will be obligated, pursuant to its arrangements with Freddie Mac and Freddie Mac’s servicing requirements, to perform diligently all services and duties customary to the servicing of

mortgages, as well as those specifically prescribed by Freddie Mac. Freddie Mac will monitor the Servicer's performance and has the right to remove the Servicer with or without cause. The duties performed by the Servicer include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts and collection of insurance claims.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

No Borrower Personal Liability

The Borrower has not been nor will it be (subject to certain limited exceptions to non-recourse liability set forth in the Financing Agreement and the Bond Mortgage) personally liable for payments on the Bond Mortgage Loan, nor under the other Bond Financing Documents. All payments on the Bond Mortgage Loan are expected to be derived from revenues generated by the Project.

Credit Facility; Primary Security

The primary security for the Bonds will be the Credit Facility delivered by Freddie Mac to the Trustee in order to pay the principal of, premium, if any, and interest on the Bonds. Based on this expectation, no financial information as to the creditworthiness of the Borrower or the value of the Project is included herein.

It is possible, in the event of the insolvency of the Credit Facility Provider, or the occurrence of some other event precluding the Credit Facility Provider from honoring its obligations to make payments as stated in the Credit Facility, that the financial resources of the Borrower will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrower would be sufficient to pay the principal, premium if any, and interest on the Bonds in the event the Trustee were forced to seek recourse against the Borrower. See "SECURITY FOR THE BONDS" herein.

Special Limited Obligations

The Bonds are special, limited obligations of the Issuer payable solely from the Trust Estate.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND FROM MONEYS AVAILABLE TO BE DRAWN BY THE TRUSTEE UNDER THE CREDIT FACILITY. THE BONDS ARE NOT IN ANY WAY A DEBT OF THE STATE OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE AND SHALL NOT CREATE OR CONSTITUTE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WILL BE LIABLE FOR THE PAYMENT OF THE BONDS. THE FAITH AND CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PRICE, IF ANY, OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE INDENTURE OR IN THE BONDS, THE ISSUER SHALL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE REVENUES AND OTHER ASSETS

PLEGGED UNDER THE INDENTURE FOR ANY OF THE PURPOSES IN THE INDENTURE MENTIONED, WHETHER FOR THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PRICE, IF ANY, OR INTEREST ON THE BONDS OR FOR ANY OTHER PURPOSE OF THE INDENTURE. NOTWITHSTANDING ANY PROVISIONS OF THE INDENTURE TO THE CONTRARY, NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT CONTAINED IN THE INDENTURE OR IN ANY BOND SHALL BE HAD AGAINST THE ISSUER, IT BEING EXPRESSLY AGREED AND UNDERSTOOD THAT THE OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE, AND UNDER THE BONDS AND ELSEWHERE, ARE SOLELY SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AND SHALL BE ENFORCEABLE ONLY OUT OF THE ISSUER'S INTEREST IN THE INDENTURE AND THE FINANCING AGREEMENT (EXCEPT FOR THE ISSUER'S RIGHTS TO PAYMENT OF CERTAIN COSTS, FEES AND EXPENSES AS SET FORTH IN THE INDENTURE, THE FINANCING AGREEMENT AND ELSEWHERE) AND THERE SHALL BE NO OTHER RECOURSE AGAINST THE ISSUER OR ANY PROPERTY NOW OR THEREAFTER OWNED BY IT AND AFTER ENTRY OF JUDGMENT AGAINST THE ISSUER BY VIRTUE OF THE POWER CONTAINED IN THE INDENTURE, THE ISSUER MAY MARK THE JUDGMENT INDEX TO THE EFFECT THAT THE JUDGMENT IS LIMITED AS AFORESAID.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Early Redemption or Mandatory Purchase

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption or mandatory purchase at a redemption or purchase price equal to their principal amount plus accrued interest as described herein. This could occur, for example, in the event that the Bond Mortgage Loan is prepaid as a result of a casualty or condemnation award payments affecting the Project or there is a default under the Bond Mortgage. See "THE BONDS – Optional Redemption," "– Mandatory Redemption" and "– Mandatory Sinking Fund Redemption."

No Acceleration or Redemption upon Loss of Tax Exemption

One condition to the Delivery Date is that the Borrower will covenant and agree to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenant. However, the Borrower's covenant to comply with the requirements of the Code is non-recourse to the Borrower, and the Borrower's liability is limited to the revenues and assets comprising the Project. Furthermore, the Borrower's failure to comply with such provisions will not constitute a default under the Bond Mortgage Loan and will not give rise to a redemption or acceleration of the Bonds (unless Freddie Mac determines, at its option and in its sole and absolute discretion, that such failure will constitute such a default) and is not the basis for an increase in the rate of

interest payable on the Bonds. **Consequently, interest on the Tax Exempt Bonds following the Delivery Date may become includable in gross income for purposes of federal income taxation retroactive to the Delivery Date by reason of the Borrower's failure to comply with the requirements of federal tax law, and neither the Issuer, the Trustee nor the Bondholders will have remedies available to them to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower's non-compliance.**

Economic Feasibility

The economic feasibility of the Project depends in large part upon it being substantially occupied at projected rent levels. There can be no assurance that in the future the Borrower will be able to rent the units at rates which will enable them to make timely payments on the Bond Mortgage Loan.

Enforceability and Bankruptcy

The remedies available to the Trustee and the Bondholders upon an event of default under the Financing Agreement, the Credit Facility or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay.

Under existing laws and judicial decisions, the remedies provided under the aforesaid documents may not readily be available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the aforesaid documents will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Normal Risks

Normal risks attending any investment in real estate include possible adverse use of adjoining land, fire, earthquake or other casualty, condemnation, increased taxes, changes in demand for such facilities, increases in utility rates, adverse general and local economic conditions, energy shortages, a decline in property values in the Project, increases in operating costs due to inflation, non-compliance of tenants with the terms of their leases, unfavorable governmental regulation (such as enactment of rent controls), force majeure and uninsurable risks, construction strikes and decrease in the relative popularity of real estate investments as contrasted with other investments. These risks and many others cannot be controlled by the Borrower and may have a substantial bearing on the profitability and financial feasibility of the Project, and which may affect the realizable value of the real estate and other collateral securing payment of the Bonds.

Management of the Project

The successful operation of the Project will depend, to a large extent, upon the management services provided by the manager of the Project and upon the ability of the Borrower to lease the units, keeping the Project substantially occupied through the term of the Bonds. There is no assurance that the manager will operate the Project on a profitable basis. There can be no assurance that the Project will be operated in a manner which will provide sufficient money to pay principal and interest on the Bonds and to operate and maintain the Project. See "PRIVATE PARTICIPANTS" herein.

Effect of Increases in Operating Expenses

It is impossible to predict future increases in operating expenses of the Project. Substantial increases in operating expenses will affect future net operating income of the Project and the ability of the

Borrower to meet its debt service obligations, primarily, its reimbursement obligations to the Credit Facility Provider.

Additional Bonds and Subordinate Financing

The Borrower may obtain additional financing for the Project at a future date. Such additional financing could be in the form of additional bonds issued by the Issuer. Additional bonds could be issued on a parity basis with the Bonds pursuant to a supplemental trust indenture provided that the issuance thereof was not materially adverse to the interest of the Bondholders. Such additional financing could also be in the form of a conventional loan the payment obligations with respect to which would be subordinate to the Borrower's payment obligations under the Bond Mortgage Loan. In either case, the increased repayment obligations of the Borrower could increase the likelihood of an early redemption of the Bonds. Any such redemption would be at a price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the rehabilitation of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the loans and result in a default and acceleration thereof.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code"). In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Issuer and the Borrower comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at

maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or

state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CONTINUING DISCLOSURE

The Borrower, as the only “obligated person” with respect to the Bonds, will enter into a Continuing Disclosure Agreement, dated as of June 1, 2024 (the “Continuing Disclosure Agreement”), with U.S. Bank Trust Company, National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the “MSRB”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“EMMA”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as Appendix I.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Financing Agreement (although Bondholders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at the price set forth on the inside cover page hereof. The Bond Purchase Agreement provides that, as compensation for its services, the Underwriter will receive from the Borrower \$ _____ plus \$ _____ for certain fees and expenses related to the issuance of the Bonds. The Underwriter’s fee shall not include the fee of the Underwriter’s counsel. [The Underwriter also hereby agrees to advance an additional amount equal to \$ _____ as set forth under the Indenture (the “Underwriter’s Advance”). The Underwriter will be reimbursed on or before the Closing Date by the Borrower for the Underwriter’s Advance.] The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell the Bonds that it purchases to certain dealers including dealer banks and dealers depositing the Bonds into investment trusts and others at a price lower than the public offering price stated herein. The offering price of the Bonds may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various investment banking services either for the Issuer and/or the Borrower and affiliates thereof, for which they received or will receive customary fees and expenses. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned the rating to the Bonds as shown on the cover page of this Official Statement. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from it. No assurance can be given that the ratings will be maintained for any given period of time or that the rating may not be revised downward, suspended or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision, suspension or withdrawal.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the execution and delivery of the Indenture and the Financing Agreement are subject to the approving opinion of Jones Hall, San Francisco, California, Bond Counsel, which will be furnished at the expense of the Borrower (the "Bond Counsel Opinion").

Certain legal matters will be passed upon for the Credit Provider by its legal department, for the Borrower by its counsels, Levitt & Boccio, LLP, New York, New York, and Cox, Castle & Nicolson LLP, San Francisco, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

The Issuer

On the date of issuance of the Bonds, the Issuer will deliver certificates to the effect that, to the knowledge of the Issuer, no litigation is pending or threatened against the Issuer (i) to restrain or enjoin the issuance of the Bonds, or contesting or questioning the validity of the Bonds or the proceedings and authority under which the Bonds have been authorized and are to be issued, or the pledge or application of any money or security provided for the payment of the Bonds or (ii) which questions the validity of the Indenture, the Financing Agreement, the Regulatory Agreement or the Bonds.

The Borrower

On the date of issuance of the Bonds, the Borrower is delivering a certificate that there is no pending or, to the knowledge of the Borrower, any threatened litigation against the Borrower adversely affecting the power or authority of the Borrower to enter into the Bond Financing Documents or that would materially adversely affect the Borrower's obligations under the Bond Financing Documents.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Financing Agreement, the Credit Facility, if delivered, or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

RELATIONSHIP AMONG PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified herein. In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Underwriter, the Borrower, or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of those attorneys or firms to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Underwriter, the Borrower, or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

MISCELLANEOUS

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer or the Borrower and the purchasers or owners of any of the Bonds. The Issuer makes no representations as to the accuracy or completeness of the contents of this Official Statement except with respect to the information under the sections "THE ISSUER" and "ABSENCE OF LITIGATION –The Issuer."

Appendices A through I are integral parts of this Official Statement and should be read in conjunction with the foregoing material.

Certain provisions of the Act, the Indenture, the Credit Facility, the Code and other provisions of law are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents and laws for a full and complete statement of their respective provisions. All quotations from, and summaries and explanations of, the Act, the Indenture, the Credit Facility and the Code contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions. Copies of the Indenture and the Credit

Facility may be obtained upon request directed to the Housing Authority of the City of San Diego, 1122 Broadway, Suite 300, San Diego, California 92121.

The information contained herein is subject to change without notice and no implication is to be derived therefrom or from the offering of the Bonds that there has been no change in such information from the date of this Official Statement.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Any statements herein involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds.

This Official Statement has been approved by the Issuer and the Borrower for distribution by the Underwriter to current Bondholders and potential purchasers of the Bonds.

**HOUSING AUTHORITY OF THE CITY OF SAN
DIEGO**

By: _____
Name: _____
Title: _____

[Signatures continue on next page]

[Borrower Signature Page to this Official Statement]

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas
Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Mark A. Wiese
President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. Terms used but not otherwise defined herein will have the meanings assigned to such terms in the Indenture or the Financing Agreement.

“Act” means the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code.

“Administration Fund” means the Administration Fund established by the Trustee pursuant to the Indenture.

“AGP” means Sea Breeze Gardens Preservation GP LLC, and its permitted successors and assigns.

“Authorized Denomination” means \$5,000 principal amount or any integral multiple thereof within a maturity.

“Authorized Officer” means (a) when used with respect to the Issuer, any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf, (b) when used with respect to the Borrower, both of Russell Condas and Mark A. Wiese of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Trustee, any authorized signatory of the Trustee, or any Person who is authorized in writing to take the action in question on behalf of the Trustee, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Credit Facility Provider, any Person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as now and thereafter in effect, or any successor federal statute.

“Bond Counsel” means (a) Jones Hall, a Professional Law Corporation, or (b) any other firm of attorneys selected by the Issuer that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to the Credit Facility Provider.

“Bond Fee Component” means the regular, ongoing fees due from time to time to the Issuer, the Trustee, the Dissemination Agent, the Custodian and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the principal amount of Outstanding Bonds (including Purchased Bonds) on an annual basis.

“Bond Financing Documents” means, collectively, the Indenture, the Bonds, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, the Continuing Disclosure Agreement and any Bond Mortgage Loan Documents not otherwise included in the foregoing list of documents.

“Bond Fund” means the Bond Fund established by the Trustee pursuant to the Indenture.

“Bond Mortgage” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of the Indenture, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the Issuer to secure the repayment of the Bond

Mortgage Loan which Bond Mortgage has been assigned by the Issuer to the Trustee as the same may be amended, supplemented or restated.

“Bond Mortgage Loan” means the loan made by the Issuer to the Borrower in the original principal amount of \$75,000,000* pursuant to the Financing Agreement.

“Bond Mortgage Loan Documents” means the Bond Mortgage, the Bond Mortgage Note, the Financing Agreement, the Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Rehabilitation Escrow Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower’s obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

“Bond Mortgage Loan Fund” means the Bond Mortgage Loan Fund established by the Trustee pursuant to the Indenture.

“Bond Mortgage Note” means the Bond Mortgage Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the Bond Mortgage Loan, as the same may be amended, supplemented or restated from time to time, which Bond Mortgage Note will be delivered to the Issuer and endorsed by the Issuer to the Trustee.

“Bond Mortgage Rights” collectively means, with respect to the Bond Mortgage Loan, all rights of the Issuer, the Trustee and/or the beneficiary under the Bond Mortgage (other than those rights specifically excluded below) including without limitation, the right to receive any and all Bond Mortgage Loan payments thereunder and all of the rights and interests under the Bond Mortgage, and to vest in its independent contractor, including the Servicer, such rights, powers and authority as may be necessary to implement any of the foregoing; “Bond Mortgage Rights” does not mean, and expressly excludes (a) the Issuer’s rights under Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; (b) the right to receive payments relating to the redemption premium of a redeemed Bond; (c) the Issuer’s and the Trustee’s right to require the Borrower to pay rebate, meet continuing disclosure requirements and the right to specifically enforce the Tax Regulatory Agreement; and (d) the Trustee’s rights to specifically enforce the Borrower’s obligations to make payments owing to the Trustee pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; provided, however, that the enforcement of such rights of the Trustee or the Issuer is limited as provided in Sections 3(C) and 3(D) (such rights are referred to therein as the “Mortgagee Retained Rights”).

“Bond Register” means the books or other records maintained by the Bond Registrar setting forth the registered Holders from time to time of the Bonds.

“Bond Registrar” means the Trustee acting as such, and any other bond registrar appointed pursuant to the Indenture.

“Bond Resolution” means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

“Bond Year” means, with respect to an issue of Bonds, each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Bond Years may be short periods. If no day is selected by Borrower before the earlier of

* Preliminary; subject to change.

the final maturity of an issue of Bonds or the date that is five years after the Delivery Date of such issue of Bonds, each Bond Year ends on each anniversary of the Delivery Date for such issue of Bonds and on the final maturity of such issue of Bonds.

“Bondholder” or “Holder” or “Owner” means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

“Bonds” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E issued pursuant to the provisions of the Indenture.

“Borrower” means Sea Breeze Gardens Preservation LP, a California limited partnership, duly organized and existing under the laws of the State of California, or any of its permitted successors or assigns, as owner of the Project.

“Borrower Equity Account” means the Borrower Equity Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to the Indenture.

“Borrower Equity Deposit” means the deposit to be made by the Borrower with the Trustee on the Delivery Date, which deposit shall be comprised of sources other than the proceeds of the Bonds.

“Business Day” means (1) any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider’s fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Credit Facility Provider is closed, or (2) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee or the Credit Facility Provider is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

“Certificate of the Issuer” and “Request of the Issuer” mean, respectively, a written certificate or request signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

“Commitment” means the commitment from Freddie Mac to the Servicer pursuant to which Freddie Mac has agreed to provide credit enhancement for the Bond Mortgage Loan, as the same may be amended, modified or supplemented from time to time.

“Continuing Disclosure Agreement” means an agreement to be entered into by the Borrower and the Dissemination Agent, as such Continuing Disclosure Agreement may from time to time be amended or supplemented.

“Cost,” “Costs” or “Costs of the Project” means costs paid with respect to the Project that (i) are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of 60 days prior to the date of a resolution of the Issuer to

reimburse costs of the Project with proceeds of Bonds or the date of issue of the Bonds, and (iv) if the Costs of the Project 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 United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an Affiliate (whether as a developer, a general contractor or a subcontractor), “Cost,” “Costs” or “Costs of the Project” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliate (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition, rehabilitation or development of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof).

“Cost of Issuance Fund” means the Cost of Issuance Fund established by the Trustee pursuant to the Indenture.

“Costs of Issuance” means (i) the fees (excluding ongoing fees), costs and expenses of (a) the Issuer, the Issuer’s counsel and the Issuer’s financial advisor, (b) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter’s counsel, (c) Bond Counsel, (d) the Trustee and the Trustee’s counsel, (e) the Servicer and the Servicer’s counsel, (f) the Credit Facility Provider and the Credit Facility Provider’s counsel, (g) Borrower’s counsel attributable to the issuance of the Bonds and the Borrower’s financial advisor, if any, and (h) the Rating Agency, (ii) costs of printing the offering documents relating to the sale of the Bonds and (iii) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

“Costs of Issuance Deposit” means the deposit to be made by the Borrower with the Trustee on the Delivery Date, which deposit shall be comprised of sources other than the proceeds of the Bonds and from Bond proceeds.

“Credit Enhancement Agreement” means the Credit Enhancement Agreement dated as of the date of the Indenture between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

“Credit Facility” means the Credit Enhancement Agreement.

“Credit Facility Account” means the Credit Facility Account of the Revenue Fund established by the Trustee pursuant to the Indenture.

“Credit Facility Interest Reimbursement Account” means the Credit Facility Interest Reimbursement Account of the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to the Indenture.

“Credit Facility Principal Reimbursement Account” means the Credit Facility Principal Reimbursement Account of the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to the Indenture.

“Credit Facility Provider” means Freddie Mac, or its successors or assigns.

“Credit Facility Reimbursement Fund” means the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to the Indenture.

“Custodial Escrow Account” means, collectively, the account or accounts established and held by the Servicer, in accordance with the Guide or otherwise, for the purpose of funding (a) escrows for taxes, insurance and related payments and costs, if required by the Credit Facility Provider, (b) a reserve for replacements for the Project, if required by the Credit Facility Provider, and (c) a debt service reserve for the Bond Mortgage Loan, if required by the Credit Facility Provider.

“Custodial Escrow Agreement” means any agreement (which agreement may be the Guide or the Commitment as applicable) pursuant to which a Custodial Escrow Account is established and maintained.

“Custodian” means U.S. Bank Trust Company, National Association, not in its individual capacity but solely in its capacity as collateral agent for the Credit Facility Provider under the Pledge Agreement, and any successor in such capacity.

“Delivery Date” means June __, 2024, the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

“Dissemination Agent” means initially U.S. Bank Trust Company, National Association, or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

“Dissemination Agent’s Fee” means the annual or semi-annual fees to the Dissemination Agent as compensation for the Dissemination Agent’s services under the Continuing Disclosure Agreement, which fee(s) shall not exceed \$ ___ during any twelve-month period.

“DTC” means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to the Indenture or its successors.

“Electronic Notice” means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in the Indenture; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by the Indenture.

“Eligible Funds” means (a) proceeds received pursuant to the Credit Facility, (b) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds (including any Bond proceeds deposited to the Project Account of the Bond Mortgage Loan Fund on the Delivery Date), (c) proceeds from the investment or reinvestment of money described in clauses (a) and (b) above, or (d) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code (i) payment of such money to holders of the Bonds would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (ii) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

“Event of Default” or “event of default” means any of those events specified in and defined by the applicable provisions of the Indenture to constitute an event of default.

“Extraordinary Services” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee, including in its capacity as Paying Agent and Bond Registrar, in respect of or to prevent default under the Indenture or the Bond Mortgage Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in the Indenture or the Bond Mortgage Loan Documents.

“Extraordinary Servicing Fees and Expenses” means all fees and expenses of the Servicer under the Guide during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

“Extraordinary Trustee’s Fees and Expenses” means all those fees, expenses and disbursements earned or incurred by the Trustee as described under the Indenture during any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower and the Credit Facility Provider.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest in the Indenture if the return paid by the fund is without regard to the source of investment.

“Financing Agreement” means the Financing Agreement dated as of June 1, 2024, among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“Freddie Mac Credit Enhancement Fee” shall have the meaning given to that term in the Reimbursement Agreement.

“Freddie Mac Credit Enhancement Payment” shall have the meaning given to that term in the Credit Enhancement Agreement.

“Freddie Mac Reimbursement Amount” shall have the meaning given to that term in the Reimbursement Agreement.

“General Account” means the General Account of the Revenue Fund established by the Trustee pursuant to the Indenture.

“Government Obligations” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” in the Indenture.

“Guaranteed Payment” shall have the meaning given to that term in the Credit Enhancement Agreement.

“Guide” means the Freddie Mac Multifamily Seller/Servicer Guide, as the same may be amended, modified or supplemented from time to time.

“Indenture” means the Trust Indenture, as the same may have been from time to time amended or modified, together with any other indentures supplemental thereto.

“Information Service” means in accordance with then current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“Intercreditor Agreement” means the Intercreditor Agreement dated as of the date of the Indenture, among the Issuer, the Trustee and Freddie Mac, as the same may be amended or supplemented.

“Interest Payment Date” means (i) June 1 and December 1 of each year, commencing December 1, 2024* (ii) for Bonds subject to redemption but only with respect to such Bonds, the date of redemption (or purchase in lieu of redemption), and (iii) the Maturity Date.

“Investment Income” means the earnings and profits derived from the investment of money pursuant to the Indenture.

“Issuer” means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State, together with its successors and assigns.

“Issuer Fee” has the meaning given to the term “Authority Fee” set forth in the Regulatory Agreement.

“Market Risk Event” means (a) legislation enacted by the Congress, (b) a final non appealable decision rendered by a court established under Article III of the Constitution of the United States of America, or the United States Tax Court, or (c) an order, ruling or regulation issued by the United States Department of the Treasury or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing interest received by any Bondholder (other than a Bondholder who is a “substantial user” of the Project or a “related person” of a substantial user (each within the meaning of Section 147(a) of the Code)) to be included in the gross income of such Bondholder for purposes of federal income taxation.

“Maturity Date” means the maturity date of the Bonds set forth in the Indenture and on the inside cover page of this Official Statement.

* Preliminary; subject to change.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“Official Statement” means this Official Statement dated June __, 2024 relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

“Ordinary Servicing Fees and Expenses” means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan under the Guide, payable monthly in arrears as provided in the Reimbursement Agreement.

“Ordinary Trustee’s Fees and Expenses” means the annual administration fee for the Trustee’s ordinary fees and expenses in rendering its services under the Indenture during each twelve-month period, which fee is equal to (and shall not exceed) \$___ and shall be payable semi-annually in advance on the Delivery Date and each June 1 thereafter.

“Outstanding” when used with respect to the Bonds or “Bonds Outstanding” means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(i) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(ii) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of the Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under the Indenture; and also except that

(iv) For the purpose of determining whether the holders of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or pursuant to the Indenture, Bonds known to the Trustee to be owned by or for the account of the Borrower or any Person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not Outstanding, unless all Bonds shall be so owned, and provided that the Trustee has knowledge of the foregoing; provided, further, that all Purchased Bonds shall be deemed to be Outstanding, and the Trustee shall follow any direction provided by the Credit Facility Provider with respect to Purchased Bonds for the purposes of the Indenture (Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish, to the satisfaction of the Trustee, the pledgee’s right to vote such Bonds, and in the event of a dispute as to the existence of such right, any decision by the Trustee taken upon the advice of counsel shall constitute full protection to the Trustee). The term “control”

(including the terms “controlling”, “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Beneficial ownership of 5% or more of a class of securities having general voting power to elect a majority of the board of directors of a corporation shall be conclusive evidence of control of such corporation.

“Paying Agent” means the Trustee acting as such, or any other paying agent appointed pursuant to the Indenture.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“Pledge Agreement” means that certain Pledge, Security and Custody Agreement dated as of the date of the Indenture by and among Freddie Mac, the Custodian and the Borrower, as originally executed or as modified or amended from time to time.

“Principal Office of the Credit Facility Provider” means the office of Freddie Mac located at 8100 Jones Branch Drive, McLean, Virginia 22102, or such other office or offices as Freddie Mac may designate in writing from time to time.

“Principal Office of the Trustee” means the office of the Trustee referenced in the Indenture, or such other office or offices as the Trustee may designate in writing from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Sea Breeze Gardens located at 4802-4890 Logan Avenue in the City of San Diego, California, including the real estate described in the Bond Mortgage.

“Project Account” means the Project Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to the Indenture.

“Purchase Price” means, with respect to any Bond to be purchased pursuant to the Indenture, the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the Settlement Date.

“Purchased Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of AGP pursuant to the Indenture with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is (a) transferred pursuant to and in accordance with the Indenture or (b) redeemed or otherwise cancelled.

“Purchased Bonds Account” means the Purchased Bonds Account of the Bond Fund established by the Trustee pursuant to the Indenture.

“Qualified Investments” means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie

Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least “VMIG 1”/“A 1+” by Moody’s/S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by Moody’s or S&P to its outstanding long term unsecured debt which is the highest rating (as defined below) for long term unsecured debt obligations assigned by Moody’s or S&P, and which are approved by the Credit Facility Provider; (g) shares or units in any money market mutual fund rated “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h)(i) tax exempt obligations rated in the highest short term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Trustee or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Credit Facility Provider. For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG 1”/“A 1+” for obligations with less than one year maturity; at least “Aaa”/“VMIG 1”/“AAA”/“A 1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/“AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“Rating Agency” means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof.

“Rebate Analyst” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under the Indenture and the Financing Agreement. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“Rebate Fund” means the Rebate Fund established by the Trustee pursuant to the Indenture.

“Record Date” means the 15th day of the month preceding the month in which any Interest Payment Date falls.

“Redemption Fund” means the Redemption Fund established by the Trustee pursuant to the Indenture.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2024, among the Issuer, the Trustee and the Borrower.

“Rehabilitation Escrow Agreement” means the Rehabilitation Escrow Agreement dated as of June 1, 2024, between the Borrower and Freddie Mac, as the same may be amended, modified or supplemented from time to time.

“Reimbursement Agreement” means the Reimbursement and Security Agreement dated as of June 1, 2024 between the Borrower and Freddie Mac, as the same may be amended, supplemented or restated from time to time.

“Reimbursement Mortgage” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 1, 2024 from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, as the same may be amended, supplemented or restated from time to time.

“Reimbursement Security Documents” has the meaning given to that term in the Reimbursement Agreement.

“Requisition” means, with respect to the Bond Mortgage Loan Fund, the requisition in the form of an exhibit attached to the Indenture required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Bond Mortgage Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of an exhibit attached to the Indenture required to be submitted in connection with disbursements from the Cost of Issuance Fund.

“Responsible Officer” means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created under the Indenture.

“Revenue Fund” means the Revenue Fund established by the Trustee pursuant to the Indenture.

“Revenues” means (a) all payments made with respect to the Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Security Documents), (b) payments made by the Credit Facility Provider pursuant to the Credit Facility and (c) all money and securities held by the Trustee in the funds and accounts established pursuant to the Indenture (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund, the Borrower Equity Account, the Credit Facility Reimbursement Fund and the Rebate Fund), together with all investment earnings thereon.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“Securities Depository” means (a) The Depository Trust Company; or (b) any replacement registered securities depository which has been designated in a Certificate of the Issuer delivered to the Trustee and the Credit Facility Provider pursuant to the Indenture.

“Servicer” means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Berkadia Commercial Mortgage LLC.

“Settlement Date” means any date on which any Bond is purchased or deemed purchased pursuant to the Indenture.

“State” means the State of California.

“Tax Certificate” means, collectively, the Certificate as to Arbitrage of the Borrower and the Issuer and the Certificate Regarding Use of Proceeds, each dated the Delivery Date and executed and delivered by the Borrower.

“Trust Estate” shall have the meaning given to that term in the granting clauses of the Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors in trust under the Indenture.

“Unassigned Rights” means all of the rights of the Issuer and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants under the Bond Financing Documents to be held harmless and indemnified, to payment or reimbursement of its fees (including the Issuer Fee) and expenses, to inspect and audit the books, records and premises of the Borrower and of the Project, to collect attorney’s fees and related expenses, to give or withhold consent to amendments, changes, modifications and alterations, to give or receive notices, to enforce such rights and to enforce the Borrower’s covenants to comply with applicable federal tax law and State law (including the Act and the rules and policies of the Issuer) and, to the extent not included above, the rights specifically reserved by the Issuer under the Indenture and the Regulatory Agreement.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Trustee.

All terms not otherwise defined below shall have the meaning given to such terms as an exhibit attached to the Official Statement.

The Bonds

The Bonds are authorized to be issued under the Indenture as revenue bonds of the Issuer in accordance with the Bond Resolution. The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. Bonds issued on the Delivery Date shall be dated such date; Bonds issued after the Delivery Date shall be dated the date they are authenticated by the Trustee. The Bonds shall be due and payable in full on the Maturity Date.

Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date, in each case from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bonds, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Delivery Date, until payment of the principal of the Bonds has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Interest Payment Date, such Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bonds shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Delivery Date.

The Bonds shall be issued in Authorized Denominations and shall bear interest payable on each Interest Payment Date at the rate(s) per annum and shall mature, subject to redemption prior to maturity as provided on the date(s) set forth in the Indenture.

Limited Obligations

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, ANY OF THE BONDS OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THE INDENTURE CONTAINED, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER, OR MEMBER OR OFFICER 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 OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT AS SUCH IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF ANY OF THE BONDS.

THE BONDS ARE NOT AND NEVER SHALL BECOME GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY AND ONLY FROM THE REVENUES AND THE OTHER SECURITY PLEDGED IN THE INDENTURE FOR SUCH PURPOSE, WHICH REVENUES, TOGETHER WITH ANY SUCH OTHER SECURITY PROVIDED IN THE INDENTURE, ARE SPECIFICALLY AND IRREVOCABLY GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, ALIENATED, ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND NEVER SHALL CONSTITUTE A DEBT OR AN INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE, OR A LOAN OF THE FAITH OR CREDIT OR THE TAXING POWER OF ANY OF THEM, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS, NOR SHALL THE BONDS BE CONSTRUED TO CREATE ANY MORAL OBLIGATION ON THE PART OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE WITH RESPECT TO THE PAYMENT OF THE BONDS. THE BONDS SHALL NOT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER, AND NEITHER THE ISSUER NOR THE STATE NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF WILL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THEREFOR.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee

The Trustee shall establish, maintain and hold in trust and there is established with the Trustee a Bond Mortgage Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Bond Mortgage Loan Fund except as expressly provided in this section and as described under "Bond Mortgage Loan Funds," below.

The proceeds of the sale of the Bonds shall be delivered to the Trustee on the Delivery Date. The Trustee shall deposit such proceeds to the credit of the Project Account of the Bond Mortgage Loan Fund. Amounts in the Bond Mortgage Loan Fund shall be disbursed as provided in the fourth paragraph below, subject to the conditions set forth in the Financing Agreement. Upon the disbursement of all amounts in the Bond Mortgage Loan Fund, the Trustee shall close the Bond Mortgage Loan Fund.

The Issuer shall cause the Borrower to deliver to the Trustee, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund as described under "Pledge of Revenues and Assets; Establishment of Funds," below and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account. The Trustee shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Bonds.

Upon the deposit of money to the credit of the Bond Mortgage Loan Fund, the Issuer shall originate the Bond Mortgage Loan pursuant to the Financing Agreement and the Trustee shall make disbursements of amounts in the Bond Mortgage Loan Fund to the Borrower or otherwise as provided under the heading “Bond Mortgage Loan Fund,” below[; provided that, prior to making any such disbursements, \$ _____ of proceeds of the Bonds shall be transferred by the Trustee to the Cost of Issuance Fund without need of a Requisition therefor].

Recycling Transactions

Notwithstanding any provision of the Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct Bond Mortgage 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 Bonds, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the 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.

In connection with such recycling and Bond Mortgage Note prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is authorized and directed by the Indenture to receive any such Bond Mortgage Note prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to such lender, custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is authorized and directed by the Indenture to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

Pledge of Revenues and Assets; Establishment of Funds

The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses of the Indenture shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any Person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

In addition to the Bond Mortgage Loan Fund established under “Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee,” above, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which is established by the Indenture and each of which shall be disbursed and applied only as authorized in the Indenture:

- (a) Revenue Fund, and within the Revenue Fund a General Account and a Credit Facility Account;
- (b) Bond Fund, and within the Bond Fund a Purchased Bonds Account;
- (c) Redemption Fund;
- (d) Administration Fund;

- (e) Cost of Issuance Fund;
- (f) Credit Facility Reimbursement Fund, and within the Credit Facility Reimbursement Fund a Credit Facility Principal Reimbursement Account and a Credit Facility Interest Reimbursement Account; and
- (g) Rebate Fund.

The funds and accounts established pursuant to this section shall be maintained in the corporate trust department of the Trustee as segregated trust accounts, separate and identifiable from all other funds held by the Trustee. The funds and accounts established under the Indenture shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of (i) the Holders of the Bonds, respecting the Revenue Fund, the Bond Fund and the Redemption Fund, (ii) the Credit Facility Provider, respecting the Credit Facility Reimbursement Fund, (iii) the Borrower, respecting the Administration Fund and the Cost of Issuance Fund, and (iv) the Issuer, respecting the Rebate Fund. The Trustee shall, at the written direction of an Authorized Officer of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the funds established under the Indenture, or result in commingling of funds not permitted under the Indenture.

Bond Mortgage Loan Fund

Deposit. The Trustee shall deposit the proceeds of the sale of the Bonds into the Project Account of the Bond Mortgage Loan Fund as provided in the second paragraph under “Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee,” above. The Trustee shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Bond Mortgage Loan Fund, as well as any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein (excluding any proceeds of the Bonds), as provided in the Indenture.

Disbursements. Amounts on deposit in the Bond Mortgage Loan Fund shall be disbursed from time to time by the Trustee for the purpose of paying Costs of the Project. In addition, amounts in the Bond Mortgage Loan Fund shall be transferred to the Redemption Fund, the Rebate Fund and the Borrower at the times and in the manner provided in this section.

Transfers and Requisitions. The Trustee shall make disbursements from the respective accounts of the Bond Mortgage Loan Fund for purposes described in this section only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer (signifying the consent to the Requisition by the Servicer). The Trustee shall have no right or duty to determine whether any requested disbursement from the Bond Mortgage Loan Fund complies with the terms, conditions and provisions of the Rehabilitation Escrow Agreement. The countersignature of the Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence, that all of the terms, conditions and requirements of the Rehabilitation Escrow Agreement applicable to such disbursement have been fully satisfied or waived. The Trustee shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Amounts on deposit in the Bond Mortgage Loan Fund shall be invested as provided under “Investment of Funds,” below. All Investment Income on amounts on deposit in the Bond Mortgage Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Bond Mortgage Loan Fund, and shall constitute part of any transfers required by this section.

Application of Revenues

All Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the General Account of the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Delivery Date, which shall be applied in accordance with the provisions under “Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee,” above; (ii) amounts paid pursuant to the Credit Facility, which shall be deposited in the Credit Facility Account of the Revenue Fund; (iii) as otherwise specifically provided in this section with respect to certain deposits into the Redemption Fund; (iv) with respect to Investment Income to the extent required under the terms of the Indenture to be retained in the funds and accounts to which they are attributable; and (v) with respect to amounts required to be transferred between funds and accounts as provided in the Indenture.

On each Interest Payment Date or any other date on which payment of principal of or interest on the Bonds becomes due and payable, the Trustee, out of money in the Credit Facility Account and the General Account of the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Bond Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal of and interest due on the Bonds on such date (excluding principal of and interest on any Purchased Bonds and excluding the principal constituting a mandatory sinking fund payment on any Bonds on such date);

SECOND: to the Redemption Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal amount due and payable on the Bonds with respect to mandatory sinking fund redemption (excluding principal of any Purchased Bonds) on such date;

THIRD: to the Redemption Fund from money in the Credit Facility Account (i) amounts paid to the Trustee under the Credit Facility to be applied to the mandatory redemption of all or a portion of the Bonds pursuant to the Indenture (other than a mandatory sinking fund redemption) and (ii) amounts paid to the Trustee under the Credit Facility to be applied to the optional redemption of all or a portion of the Bonds pursuant to the Indenture; and

FOURTH: to the Purchased Bonds Account in the Bond Fund from money in the General Account, such amount as the Credit Facility Provider shall advise the Trustee is equal to the interest due on the Purchased Bonds on such date.

Promptly upon receipt, the Trustee shall deposit directly to the Redemption Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for a draw under the Credit Facility in such amount to provide for extraordinary mandatory redemption of all or a portion of the Bonds pursuant to the Indenture; (ii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the optional redemption of all or a portion of the Bonds pursuant to the Indenture; (iii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the payment of any redemption premium in connection with an optional redemption of all or a portion of the

Bonds pursuant to the Indenture; and (iv) amounts transferred to the Redemption Fund from the Bond Mortgage Loan Fund pursuant to the Indenture.

Should the amount in the Bond Fund be insufficient to pay the amount due on the Bonds on any given Interest Payment Date or other payment date after the transfers from the Credit Facility Account, the Trustee shall credit to the Bond Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the General Account of the Revenue Fund; and (2) the Redemption Fund, except no such charge to the Redemption Fund shall be made from money to be used to effect a redemption for which notice of redemption has been provided for or from money which is held for payment of Bonds which are no longer Outstanding under the Indenture.

At the written direction of the Borrower, and with the written consent of the Credit Facility Provider, together with a certificate setting forth that no default exists under the Bond Mortgage Loan Documents signed by the Servicer, Investment Income deposited into the General Account of the Revenue Fund shall be paid to the Borrower semi-annually on each Interest Payment Date, commencing with the first Interest Payment Date after the Completion Date (as defined in the Rehabilitation Escrow Agreement), so long as (i) there is no deficiency in the Credit Facility Reimbursement Fund, the Administration Fund, the Rebate Fund or any Custodial Escrow Account, (ii) no default exists under the Bond Mortgage Loan (after expiration of any notice and cure period) and (iii) no event of default exists (after expiration of any notice and cure period) under any of the Bond Mortgage Loan Documents.

Application of Bond Fund

The Trustee shall charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due (excluding principal on any Purchased Bond). Any money remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date shall be transferred to the Servicer for payment to the Credit Facility Provider to be applied in accordance with the Reimbursement Agreement.

Any Investment Income on amounts on deposit in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

No amount shall be charged against the Bond Fund except as expressly provided under “Application of Money After Default,” below.

Application of Redemption Fund

Any money credited to the Redemption Fund shall be applied as set forth under “Application of Revenues,” above; provided, however, that to the extent any money credited to the Redemption Fund from Eligible Funds (other than draws under the Credit Facility) is in excess of the amount necessary to effect the redemptions described in “Application of Revenues,” above it shall be applied to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in accordance with “Application of Revenues,” above in the General Account of the Revenue Fund is insufficient to make up such deficiency, provided that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or money which is held for payment of Bonds which are no longer Outstanding under the Indenture shall be so transferred to the Bond Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Redemption Fund shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Redemption Fund except as expressly provided in the Indenture.

Administration Fund

The Trustee shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Servicer and the Borrower designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used **FIRST**, to pay to the Trustee when due the Ordinary Trustee's Fees and Expenses; **SECOND**, to pay to the Issuer when due the Issuer Fee; **THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Indenture and the Financing Agreement, upon receipt of an invoice from the Rebate Analyst; **FOURTH**, to deposit to any Custodial Escrow Account any deficiency in the amount held therein as certified in writing by the Servicer (or subsequent holder of such an account) to the Trustee; **FIFTH**, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and Freddie Mac; **SIXTH**, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or the Indenture from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **SEVENTH**, to pay to the Credit Facility Provider any unpaid portion of the amounts due under the Reimbursement Agreement, as certified in writing by the Credit Facility Provider to the Trustee; **EIGHTH**, to pay to the Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **NINTH**, to make up any deficiency in the Redemption Fund on any redemption date of Bonds, to the extent money then available in accordance with "Application of Revenues," above in the Redemption Fund is insufficient to redeem Bonds called for redemption on such redemption date; **TENTH**, to pay to the Dissemination Agent when due the Dissemination Agent's Fee; **ELEVENTH**, to pay to the Rating Agency when due the annual rating maintenance fee, if any, as set forth in an invoice submitted to the Trustee; and **TWELFTH**, to transfer any remaining balance after application as aforesaid to the General Account of the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph 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 (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Trustee to the General Account of the Revenue Fund.

The Indenture provides that no amount shall be charged against the Administration Fund except as expressly provided in the Indenture.

Credit Facility Reimbursement Fund

The Trustee shall deposit into the Credit Facility Interest Reimbursement Account of the Credit Facility Reimbursement Fund, promptly upon receipt thereof, all amounts received from the Servicer, including, but not limited to, scheduled monthly interest collections pursuant to the Reimbursement

Agreement, designated for deposit into such account. Amounts on deposit in the Credit Facility Interest Reimbursement Account shall be applied by the Trustee to reimburse the Credit Facility Provider for amounts drawn under the Credit Facility to pay interest on the Bonds. On each Interest Payment Date, the Trustee, without the need for any further direction, shall pay to the Credit Facility Provider by no later than 2:30 p.m., [Local Time][Washington, D.C.] time, from and to the extent of amounts on deposit in the Credit Facility Interest Reimbursement Account, an amount equal to the amount drawn by the Trustee under the Credit Facility to pay interest on the Bonds on such date.

The Trustee shall deposit into the Credit Facility Principal Reimbursement Account of the Credit Facility Reimbursement Fund, promptly upon receipt thereof, all amounts received from the Servicer designated for deposit into such account, including, but not limited to, scheduled monthly principal deposits pursuant to the Reimbursement Agreement. Amounts on deposit in the Credit Facility Principal Reimbursement Account shall be applied by the Trustee to reimburse the Credit Facility Provider for amounts drawn under the Credit Facility to pay principal on the Bonds. On each maturity date for the Bonds and each date the Bonds are subject to optional or mandatory redemption, the Trustee, without the need for any further direction, shall pay to the Credit Facility Provider by no later than 2:30 p.m., [Local Time][Washington, D.C.] time, from and to the extent of amounts on deposit in the Credit Facility Principal Reimbursement Account, an amount equal to the principal amount drawn by the Trustee under the Credit Facility to pay or redeem Bonds in Authorized Denominations on such date.

In the event that the amounts on deposit in the respective accounts in the Credit Facility Reimbursement Fund are insufficient to reimburse the Credit Facility Provider (as provided in the Indenture) the full amount to be drawn under the Credit Facility to pay interest or principal on the Bonds, as applicable, the Trustee shall promptly give notice to the Credit Facility Provider, the Servicer and the Borrower of such deficiency and of the amount of such deficiency.

All Investment Income on amounts on deposit in the Credit Facility Reimbursement Fund shall be retained in and credited to and become a part of the amounts on deposit in the respective accounts in such fund. Provided that (as confirmed by the Trustee with the Servicer or the Credit Facility Provider) (i) there is no deficiency in the Credit Facility Reimbursement Fund, the Administration Fund, the Rebate Fund, or any Custodial Escrow Account, (ii) no event of default exists (after expiration of any notice and cure periods) under the Bond Mortgage Loan, (iii) no Event of Default exists under the Indenture or under any of the other Borrower Documents (as defined in the Reimbursement Agreement), and (iv) the Credit Facility Provider has been fully reimbursed for amounts drawn on the Credit Facility, the Trustee, without the need for any further direction, shall pay such Investment Income to the Borrower on the Interest Payment Date next succeeding receipt thereof (after making all payments specified in the Indenture).

At the written direction of the Credit Facility Provider, the amounts on deposit in the Credit Facility Reimbursement Fund shall be used by the Trustee to pay any amounts required to be paid by the Borrower under any Bond Mortgage Loan Document, to pay any amounts owed to the Credit Facility Provider in connection with any loan purchased by the Credit Facility Provider and secured by the Project, or to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider; provided that the amounts on deposit in the Credit Facility Reimbursement Fund shall, upon the occurrence of an event of default under any Bond Mortgage Loan Document, be used in any manner and for any purpose specified by the Credit Facility Provider.

At the written request of the Borrower, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Credit Facility Reimbursement Fund to the Borrower (in which case the Trustee shall release such amounts to the Borrower, provided that if, in the judgment of the Rebate Analyst, the amount on deposit in the Rebate Fund at such time is less than the amount required under the Indenture to be rebated to the United States

Department of the Treasury, then prior to any such release to the Borrower, any amounts on deposit in the Credit Facility Reimbursement Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) reduce or no longer require deposits to the Credit Facility Reimbursement Fund.

Any amounts remaining in the Credit Facility Reimbursement Fund after payment in full of the principal of and interest on the Bonds and reimbursement of the Credit Facility Provider for all amounts drawn under the Credit Facility shall be applied as provided in the Indenture.

Investment of Funds

The money held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any money attributable to each of the funds and accounts under the Indenture shall be, except as otherwise expressly provided in the Indenture, invested by the Trustee, at the written direction of the Borrower (or, in the case of the Rebate Fund, subject to the Indenture), in Qualified Investments which mature or shall be subject to redemption or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Trustee shall have entered into any investment agreement requiring investment of money in any fund or account under the Indenture in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements; provided further, that all amounts on deposit in the Credit Facility Reimbursement Fund and the Credit Facility Account of the Revenue Fund shall be held uninvested or shall be invested only in Government Obligations or in Qualified Investments of the type described in the Indenture which, in any case, shall mature or be subject to redemption or withdrawal at par without penalty on or prior to the earlier of: (i) 30 days from the date of investment and (ii) the date such money is required to be applied pursuant to the provisions of the Indenture. In the absence of written direction from the Borrower, the Trustee shall invest amounts on deposit in the funds and accounts established under the Indenture in Government Obligations or in investments of the type described in subparagraph (g) of the definition of Qualified Investments which shall have the same maturity and other restrictions as set forth above. Such investments may be made through the investment or securities department of the Trustee. The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, securities authorized in the Indenture. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in the Indenture, the interest thereon and any profit arising on the sale thereof shall be credited to the General Account of the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the General Account of the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted as an investment of money in that fund or account. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12 and notifies the Trustee under the Indenture, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose under the Indenture the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Money Held for Particular Bonds; Funds Held in Trust

The amounts held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds pending such payment, shall be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes of the Indenture such interest, principal or redemption price, after the due date thereof, shall no longer be considered to be unpaid. All money held by the Trustee for such purpose at any time pursuant to the terms of the Indenture shall be and thereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of the Indenture.

Cost of Issuance Fund

The Trustee shall use money on deposit to the credit of the Cost of Issuance Fund to pay (i) the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, as set forth in the closing memorandum prepared by the underwriter for the Bonds (and accepted and agreed to by the Borrower) on the Delivery Date or by Requisition, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts in the Cost of Issuance Fund funded with proceeds of the Bonds, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

Payments Under Bond Mortgage Loan

The Trustee and the Issuer expressly acknowledge under the Indenture that references in the Indenture to payments or prepayments of the Bond Mortgage Loan shall, for all purposes of the Indenture, refer solely to such portion of such payments or prepayments actually paid by the Credit Facility Provider to the Trustee as Guaranteed Payments pursuant to the Credit Facility for which the Borrower has correspondingly reimbursed the Credit Facility Provider in an amount equal to the Guaranteed Payments. Without in any way limiting the foregoing, the Trustee and the Issuer acknowledge under the Indenture that, pursuant to the Guide, the Servicer will pay the Freddie Mac Credit Enhancement Fee and the Ordinary Servicing Fees and Expenses from payments under the Bond Mortgage Loan made by the Borrower prior to remitting the balance of such payments or prepayments to the Trustee for application as provided in the Indenture.

Drawings Under Credit Facility

The Credit Facility shall be held by the Trustee and drawn upon in accordance with its terms and the provisions of the Indenture. Money derived from draws upon the Credit Facility shall be deposited in the Credit Facility Account of the Revenue Fund and applied by the Trustee to pay the principal of and interest on the Bonds, and, in the event of a purchase of the Bonds in lieu of redemption pursuant to the Indenture, to pay, to the extent provided in the Credit Facility, the Purchase Price of the Bonds in accordance with the Indenture.

The Trustee shall draw money under the Credit Facility in accordance with the terms thereof when needed and in amounts sufficient to make timely payments of the principal of and interest, but not premium,

on the Bonds when due and payable (i.e., on any Interest Payment Date, any Settlement Date, any redemption date or the Maturity Date).

Should the Credit Facility Provider become the owner of the Project by foreclosure or otherwise, the Trustee shall nevertheless continue to make payments on the Bonds only from draws on the Credit Facility or from other Eligible Funds.

The Trustee shall send to the Borrower via facsimile or Electronic Notice a copy of any documents which are presented to the Credit Facility Provider in connection with a drawing on the Credit Facility concurrently with its submission of those documents to the Credit Facility Provider, if requested to do so by the Borrower.

Payment of Principal and Interest

The Issuer covenants that it will promptly pay or cause to be paid, but only from the sources identified in the Indenture and subject to the provisions under “Limited Obligations,” above, sufficient amounts to provide for the payment of the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided in the Indenture and in the Bonds, according to the true intent and meaning thereof.

Performance of Covenants

The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings pertaining thereto; provided, however, that, except for the matters set forth under “Payment of Principal and Interest,” above relating to payment of the Bonds, the Issuer will not be obligated to take any action or execute any instrument pursuant to any provision of the Indenture until it has been requested to do so by the Borrower, the Trustee or Credit Facility Provider, or has received the instrument to be executed and, at the option of the Issuer, has received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer will be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument.

No Modification of Security; Additional Indebtedness

The Issuer covenants that it will not, without the written consent of the Trustee and the Credit Facility Provider, alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds or the payment of any amount owed to the Credit Facility Provider. The Issuer further covenants not to create or suffer to be created any lien upon the Trust Estate or any part thereof other than the lien created by the Indenture and by the Bond Mortgage and the Reimbursement Mortgage without the prior written consent of the Credit Facility Provider.

The Issuer, prior to the issuance of the Bonds, has issued, and subsequent to the issuance of the Bonds, the Issuer expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Issuer between the date of the Indenture and issuance of the Bonds shall be referred to in the Indenture as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment

made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Events of Default

Each of the following shall be an event of default with respect to the Bonds (an “Event of Default”) under the Indenture:

(a) failure to pay the principal of, premium, if any, or interest on any Bond (other than Purchased Bonds) when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for redemption thereof, by acceleration or otherwise; or

(b) failure by the Credit Facility Provider to make when due a required payment under the Credit Facility; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer (other than those set forth in the Indenture) set forth in the Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified in the Indenture for particular defaults) after written notice thereof (which notice shall be effective only with the written consent of the Credit Facility Provider if no Event of Default has occurred and is then continuing under subsection (b) above) to the Issuer from the Trustee or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding at such time specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Issuer commences the required cure within such thirty (30) day period and continues the cure with diligence and the Issuer reasonably anticipates that the default could be cured within sixty (60) days, the Issuer shall have sixty (60) days following receipt of such notice to effect the cure.

The Trustee and the Issuer agree that, notwithstanding the provisions of the Indenture, no default under the terms of the Indenture shall be construed as resulting in a default under the Bond Mortgage Note, the Bond Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes an event of default thereunder.

The Trustee will immediately notify the Issuer, the Servicer and the Credit Facility Provider after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Acceleration; Other Remedies Upon Event of Default

Upon the occurrence of an Event of Default as described in subsection (b) under the heading “Events of Default” above, the Trustee shall, upon the written request of the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity satisfactory to it, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

Upon the occurrence of an Event of Default (other than an Event of Default under subsection (b) under the heading “Events of Default” above), the Trustee shall, but only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all

Bonds then Outstanding and the interest accrued thereon immediately due and payable and, upon the Credit Facility Provider having honored a properly presented and conforming draw under the Credit Facility to pay such amounts, interest on the Bonds shall cease to accrue, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of an Event of Default occurring under subsections (a) or (c) under the heading “Events of Default” above shall be made from the Credit Facility.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or the Credit Facility Provider, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Reimbursement Agreement (including, without limitation, with respect to the Credit Facility Provider all outstanding amounts owed to the Credit Facility Provider and all fees owed to the Credit Facility Provider) (collectively, the “Cure Amount”) shall have been paid in full, and all other defaults under the Indenture shall have been made good or cured or waived in writing by the Credit Facility Provider (or, if an Event of Default under subsection (b) under the heading “Events of Default” above has occurred and is then continuing, by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding), then and in every case, the Trustee on behalf of the Holders of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding the provisions described above in this paragraph, in the event the Cure Amount is derived in whole or in part from a draw on the Credit Facility, any such rescission or annulment of such declaration of acceleration shall not occur without the written consent of the Credit Facility Provider.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no Event of Default has occurred and is continuing under subsection (b) under the heading “Events of Default” above), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights; provided that, so long as no Event of Default has occurred and is then continuing under subsection (b) under the heading “Events of Default” above, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding and to require the Issuer or the Credit Facility Provider to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, the Indenture, the Financing Agreement, the Regulatory Agreement or the Credit Facility (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Financing Agreement, the Regulatory Agreement, the Credit Facility or any other Bond Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of the Bonds and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Credit Facility Provider or the Bondholders under the Indenture or under the Financing Agreement, the Regulatory Agreement, the Credit Facility, the Reimbursement Agreement or any other Bond Financing Document, as applicable, or now or thereafter existing at or after the time of execution of the Indenture at law or in equity or by statute. No delay or omission 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 acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture, whether by the Trustee, the Credit Facility Provider or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

In all events the rights of the Trustee to exercise remedies under the Indenture upon the occurrence of an Event of Default shall be subject to the provisions of the Intercreditor Agreement.

Rights of Bondholders

If an Event of Default under subsection (b) under the heading “Events of Default” above shall have occurred and is then continuing, and if requested in writing so to do by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interest of the affected Bondholders. If an Event of Default under subsection (b) under the heading “Events of Default” above shall have occurred and is then continuing, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of the Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, in accordance with the provisions of law and of the Indenture.

Application of Money After Default

All money (other than amounts drawn from the Credit Facility as described in the Indenture) collected by the Trustee at any time pursuant to the Indenture shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the General Account of the Revenue Fund. Such money so credited to the General Account of the Revenue Fund and all other money from time to time credited to the General Account of the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture.

In the event that at any time the money credited to the Revenue Fund, the Bond Fund and the Redemption Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money (other than money held for the payment or redemption of particular Bonds as provided in the Indenture and amounts drawn from the Credit Facility as provided in the Indenture) shall be applied as provided in the Indenture.

Rights of the Credit Facility Provider

If an Event of Default under subsections (a) or (c) under the heading “Events of Default” above shall have occurred and so long as no Event of Default has occurred and is then continuing under subsection (b) under the heading “Events of Default” above, upon receipt of the written direction of the Credit Facility Provider (which direction may be given in the sole discretion of the Credit Facility Provider), the Trustee shall be obligated to exercise any right or power conferred by the Indenture in the manner set forth in such written direction of the Credit Facility Provider. If such written direction expressly states that the Trustee may exercise one or more of the rights and powers conferred in the Indenture as the Trustee shall deem to be in the interest of the Bondholders and the Credit Facility Provider, the Trustee, being advised by counsel or a committee of Responsible Officers, shall exercise one or more of such rights and powers as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interests of the Bondholders and the Credit Facility Provider; provided, however, that in any event, so long as no Event of Default has occurred and is then continuing under subsection (b) under the heading “Events of Default” above, the Trustee may not undertake any action to realize, through sale or otherwise, upon the Bond Mortgage Loan without the express written direction of the Credit Facility Provider. So long as no Event of Default has occurred and is then continuing under subsection (b) under the heading “Events of Default” above, in the case of an Event of Default under subsections (a) or (c) under the heading “Events of Default” above, the Credit Facility Provider shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, in accordance with the provisions of law and of the Indenture.

Remedies of Bondholders

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a default shall have occurred of which the Trustee shall have been notified as provided in the Indenture; (b) such default shall have become an Event of Default under subsection (b) under the heading “Events of Default” above; (c) the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is such an Event of Default shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers granted pursuant to the Indenture or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee shall within sixty (60) days thereafter fail or refuse to exercise the powers granted pursuant to the Indenture, or to institute such action, suit or proceeding; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture or the rights of any other Holders of Bonds or to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner provided in the Indenture with respect to the equal and ratable benefit of all Holders of Bonds with respect to which there is a default. Nothing contained in the Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued under the Indenture to the

respective holders thereof, at the time, in the place, from the sources and in the manner expressed in the Indenture and in said Bonds.

Waivers of Events of Default

So long as no Event of Default has occurred and is then continuing under subsection (b) under the heading “Events of Default” above, the Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds only upon the written direction of the Credit Facility Provider. If there shall have occurred and is then continuing an Event of Default under subsection (b) under the heading “Events of Default” above, the Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the Holders of 100% of the Bonds then Outstanding with respect to which there is a default; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds (other than Purchased Bonds) at the date of maturity specified therein, or upon proceedings for mandatory redemption of any Bonds (other than Purchased Bonds), (b) any default in the payment when due of the interest or premium on any such Bonds (other than Purchased Bonds), unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Supplemental Indentures Not Requiring Consent of Bondholders

The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change; (b) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with the Indenture or the rights of the Trustee under the Indenture as theretofore in effect; (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the Indenture or to permit the qualification of the Bonds for sale under any state blue sky laws; (e) to make such additions, deletions or modifications as may be, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; (f) to modify, amend or supplement the Indenture as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change; (g) to implement or modify any secondary market disclosure requirements; and (h) to modify, amend or supplement the Indenture in any other respect which is not materially adverse to the Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in the Indenture.

Supplemental Indentures Requiring Consent of Bondholders

With the prior written consent of the Credit Facility Provider, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing as described in the Indenture shall permit, or be construed as permitting, (a) an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Bond Mortgage Note, without the consent of the Holders of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of the Indenture, (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Holders of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds, or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered Bondholders and to the Credit Facility Provider. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders.

Thirty (30) days after the date of the mailing of such notice, the Issuer and the Trustee may enter into such supplemental indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee the required consents, in writing, of the Credit Facility Provider and the Holders of not less than the percentage of Bonds required by this section. If the Holders of not less than the percentage of Bonds required by this section shall have consented to and approved the execution and delivery of a supplemental indenture as provided therein, no Holder 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 Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of the Indenture.

Anything in the Indenture to the contrary notwithstanding, unless the Borrower shall then be in default of any of its obligations under the Financing Agreement, the Reimbursement Agreement, the Regulatory Agreement, the Bond Mortgage Note, the Bond Mortgage or the Reimbursement Mortgage, a supplemental indenture under the Indenture which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have expressly 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 such supplemental indenture to be mailed by certified or registered mail to the Borrower or the Borrower's attorney at least fifteen (15) days prior to the proposed date of execution and delivery of any supplemental indenture.

Notwithstanding any other provision of the Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Credit Facility Provider, the Holders of all Bonds then Outstanding and, as applicable, the Borrower.

Amendments to Financing Agreement Not Requiring Consent of Bondholders

The Trustee shall, without the consent of, or notice to, the Bondholders, but with the consent of the Borrower, the Credit Facility Provider, consent to any amendment, change or modification of the Financing Agreement as follows: (a) as may be required by the provisions of the Credit Facility, the Financing Agreement or the Indenture; (b) to cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change; (c) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; (d) to modify, amend or supplement the Financing Agreement as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change; or (e) to modify, amend or supplement the Financing Agreement in any other respect which is not materially adverse to the Trustee or Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in the Indenture.

Amendments to Financing Agreement Requiring Consent of Bondholders

Except for the amendments, changes or modifications of the Financing Agreement as provided in the Indenture, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Financing Agreement without the consent of the Credit Facility Provider and the Borrower and without the giving of notice and the written approval or consent of the Holders of at least 51% of the aggregate principal amount of the Bonds then Outstanding given and procured in accordance with the procedure set forth in the Indenture; provided, however, that nothing contained in the Indenture shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's obligation to make the payments required under the Financing Agreement without the consent of the Holders of all of the Bonds then Outstanding. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Financing Agreement, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. 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 Bondholders.

Amendments to the Credit Facility

The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in a manner which is not prejudicial to the interests of the Bondholders as determined by the Trustee being advised by counsel, a committee of Responsible Officers or by a written confirmation from the Rating Agency of the then existing rating on the Bonds, or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

Discharge of Lien

If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and in the Indenture, in any one or more of the following ways:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or
- (b) by the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in the Indenture) to pay the principal, redemption price and interest to the date established for redemption whether by redemption or otherwise; or
- (c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and shall have paid all amounts due and owing to the Credit Facility Provider under the Indenture and under the Credit Facility and the Reimbursement Agreement, including but not limited to the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee, and shall have paid all fees and expenses of and any other amounts due to the Trustee, the Servicer, the Dissemination Agent, the Rebate Analyst, the Issuer and the Paying Agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights granted by the Indenture shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien of the Indenture, and reconvey to the Issuer the estate conveyed by the Indenture, and assign and deliver to the Issuer any interest in property at the time subject to the lien of the Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds, the payment of any amounts owed to the United States of America pursuant to the Indenture or the payment of any amounts payable to the Credit Facility Provider.

Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if, under circumstances which do not cause interest on the Bonds to become includable in the Holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to the Indenture, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or maturity date thereof, as the case may be; (c) in the case of Bonds which do not mature or will not be redeemed within 60 days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid; (d) the Trustee shall have received an opinion of nationally recognized bankruptcy counsel, if required by subpart (e) of the definition of "Eligible Funds" in the Indenture, to the effect that such money constitutes Eligible Funds; (f) the Trustee shall have received a written statement from the Issuer stating that all amounts owed to the Issuer in respect of Unassigned Rights have been fully paid; and (g) the Trustee shall have received an opinion of Bond Counsel to the effect that the defeasance of the Bonds is in accordance with the provisions of the Indenture and that such defeasance will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Trustee shall in no event cause the Bonds to be optionally redeemed from money deposited pursuant to the Indenture unless the requirements of the Indenture have been met with respect to such redemption, including the requirements of the Indenture.

Discharge of Liability on Bonds

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, terminate and be completely discharged, except only that thereafter the holders thereof shall be entitled to payment by the Issuer, and the Issuer shall remain liable for such payment, but only out of the money or securities deposited with the Trustee as provided in the Indenture for their payment, subject, however, to the provisions of the Indenture.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a brief summary of certain provisions of the Financing Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Financing Agreement, copies of which are on file with the Trustee.

All words and phrases (except for Event of Default) defined in the Indenture shall have the same meanings for the purposes of the Financing Agreement.

Terms of the Bond Mortgage Loan; Servicing

The Bond Mortgage Loan shall (i) be evidenced by the Bond Mortgage Note; (ii) be initially secured by the Credit Facility and the Bond Mortgage; (iii) be in the principal amount of \$75,000,000*; (iv) bear interest as provided in the Bond Mortgage Note; (v) provide for principal and interest payments in accordance with the Bond Mortgage Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided in the Financing Agreement and in the Bond Mortgage Note.

The Servicer shall service the Bond Mortgage Loan pursuant to the Commitment and the *Guide*. The Issuer, the Trustee and the Borrower acknowledge and agree that (i) selection or removal of any Servicer is in the sole and absolute discretion of the Credit Facility Provider; (ii) neither the Issuer nor the Trustee shall terminate or attempt to terminate any Servicer as the servicer for the Bond Mortgage Loan or appoint or attempt to appoint a substitute servicer for the Bond Mortgage Loan; (iii) the Commitment and the *Guide* are each subject to amendment without the consent of the Trustee, the Issuer or the Borrower; and (iv) none of the Trustee, the Issuer or the Borrower shall have any rights under, or be a third party beneficiary of, the *Guide*. The Servicer shall have the right to collect all payments made by the Borrower in connection with the Bond Mortgage Loan and to receive copies of all reports and notices provided for by the Bond Financing Documents.

Assignment to Trustee

The parties to the Financing Agreement acknowledge, and the Borrower consents to, the assignment by the Issuer to the Trustee pursuant to the Indenture of all of the Issuer's right, title and interest in the Financing Agreement (excluding the Unassigned Rights), the Bond Mortgage Loan, the Bond Mortgage, the Revenues and the Credit Facility as security for the payment of the principal of, premium, if any, and interest on the Bonds and the payment of the Freddie Mac Credit Enhancement Fee and Freddie Mac Reimbursement Amount.

Payments Under the Bond Mortgage Note; Independent Obligation of Borrower

The Borrower agrees to repay the Bond Mortgage Loan as provided in the Bond Mortgage Note, and in all instances at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption (with premium, if applicable), acceleration or otherwise. The obligation of the Borrower to make the payments set forth in the Financing Agreement shall be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note shall be credited against

* Preliminary; subject to change.

the Borrower's obligations under the Financing Agreement on a dollar for dollar basis. If for any reason the Bond Mortgage Note or any provision of the Bond Mortgage Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Bond Mortgage Note or such provision of the Bond Mortgage Note shall be deemed to be the obligation of the Borrower pursuant to the Financing Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of the Financing Agreement and shall not serve to discharge any of the Borrower's payment obligations under the Financing Agreement or eliminate the credit against such obligations to the extent of payments made under the Bond Mortgage Note.

The Borrower acknowledges and agrees that the Servicer may collect monthly payments from the Borrower with respect to the Bond Mortgage Loan in accordance with the Reimbursement Agreement, but such payments shall not be credited against the principal or interest due with respect to the Bond Mortgage Loan or the Bond Mortgage Note until and only to the extent such amounts are used to reimburse the Credit Facility Provider for amounts paid under the Credit Facility to pay principal of or interest on the Bonds.

Payment of Certain Fees and Expenses Under the Bond Mortgage Note

In addition to the payments set forth in the Financing Agreement, payments to be made by the Borrower under the Bond Mortgage Note include certain money to be paid in respect of, among others, the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in any Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents, as set forth in the Financing Agreement. To the extent that any portion of the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in a Custodial Escrow Account remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in the Indenture or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in the Financing Agreement.

Prepayment of Bond Mortgage Loan

The Borrower shall have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the outstanding Bonds in accordance with the provisions of the Indenture, the Financing Agreement and the Bond Mortgage Note, and only with the prior written consent of the Credit Facility Provider and the payment of any amount due under the next succeeding paragraph. The Borrower shall be required to prepay the Bond Mortgage Loan in each case that Bonds are required to be redeemed in accordance with the terms and conditions set forth in the Indenture.

The Bonds are subject to redemption in accordance with the terms and conditions set forth in the Indenture. In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower shall pay, or cause to be paid to the Servicer or other party as directed by the Credit Facility Provider (or, if no Credit Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility, and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the redemption date, together with a sum sufficient to pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under the Financing Agreement, the Indenture and the Reimbursement Agreement. The Borrower shall provide notice of the prepayment to the Issuer, the Trustee, the Credit Facility Provider and the Servicer in writing forty-five (45) days, or such shorter time

as is possible in the case of mandatory prepayments, prior to the date on which the Borrower will make the prepayment. Each such notice shall state, to the extent such information is available, (a) the amount to be prepaid, (b) the date on which the prepayment will be made by the Borrower, and (c) the cause for the prepayment, if any.

Borrower's Obligations Upon Redemption

In the event of any redemption, the Borrower will timely pay, or cause to be paid through the Servicer, to the Trustee an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the redemption date and premium, if any, such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility. In addition, the Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds.

Performance of Obligations

The Borrower shall keep and faithfully perform all of its covenants and undertakings contained in the Financing Agreement and in the Bond Financing Documents, including, without limitation, its obligations to make all payments set forth in the Financing Agreement and therein in the amounts, at the times and in the manner set forth in the Financing Agreement and therein.

Indenture Provisions

The execution of the Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

No Alternate Credit Facility

The Borrower shall not be permitted to replace the Credit Enhancement Agreement as the Credit Facility for the Bonds.

Sale or Other Transfer of Project

Subject to the Intercreditor Agreement, the Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Bond Mortgage Loan Documents and upon receipt of the prior written consent of the Credit Facility Provider.

Right to Perform Borrower's Obligations

In the event the Borrower fails to perform any of its obligations under the Financing Agreement, the Issuer, the Trustee and/or the Servicer, after giving requisite notice, if any, and subject to the Intercreditor Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Trustee or the Servicer shall become an additional obligation of the Borrower under the Financing Agreement, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Bond Mortgage Loan Documents.

Limitation With Respect to the Credit Facility Provider

Notwithstanding anything in the Financing Agreement to the contrary, in the event that the Credit Facility Provider shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Bond Mortgage Loan, the Credit Facility Provider shall not be liable for any breach or default of any prior owner of the Project under the Financing Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Credit Facility Provider is the owner of the Project. Accordingly, during any period that the Credit Facility Provider owns the Project and that the Financing Agreement is applicable to the Credit Facility Provider, the Credit Facility Provider's obligations under the Financing Agreement shall be limited to acts and omissions of the Credit Facility Provider occurring during the period of the Credit Facility Provider's ownership of the Project.

Events of Default

The following shall be "Events of Default" under the Financing Agreement and the term "Event of Default" shall mean, whenever it is used in the Financing Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Bond Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Issuer for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage at the times and in the amounts required by the Financing Agreement, the Bond Mortgage Note and the Bond Mortgage, as applicable;

(c) The Borrower's failure to observe and perform any of its other covenants, conditions or agreements contained in the Financing Agreement, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given by the Issuer or the Trustee to the Borrower; provided, however, that if the failure shall be such that it can be corrected but not within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; or

(d) The occurrence of an event of default (after expiration of any notice and cure period) under the Reimbursement Agreement shall at the discretion of the Credit Facility Provider constitute an Event of Default under the Financing Agreement but only if the Trustee and the Issuer are provided written notice thereof by the Credit Facility Provider that an Event of Default has occurred under the Reimbursement Agreement and the Trustee and the Issuer are instructed by the Credit Facility Provider that such default constitutes an Event of Default under the Financing Agreement. The occurrence of an Event of Default under the Financing Agreement shall in the discretion of the Credit Facility Provider constitute a default under the Bond Mortgage Loan Documents and the Reimbursement Agreement.

Nothing contained under this heading is intended to amend or modify any of the provisions of the Bond Financing Documents or to bind the Issuer, the Trustee, the Servicer or the Credit Facility Provider to any notice and cure periods other than as expressly set forth in the Bond Financing Documents.

Remedies on Default

Subject to the provisions of the Financing Agreement and the Intercreditor Agreement, whenever any Event of Default under the Financing Agreement shall have occurred and be continuing, the Trustee or the Issuer where so provided may take any one or more of the following remedial steps:

- (a) The Issuer shall cooperate with the Trustee as the Trustee acts pursuant to the Indenture.
- (b) In the event any of the Bonds shall at the time be Outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.
- (c) The Issuer or the Trustee may, without being required to give any notice (other than to the Issuer or the Trustee, as applicable), except as provided in the Financing Agreement, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.
- (d) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under the Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

Any amounts collected pursuant to the Financing Agreement and any other amounts which would be applicable to payment of principal of and interest on the Bonds collected pursuant to action taken under the Financing Agreement shall be applied in accordance with the provisions of the Indenture.

In accordance with the Financing Agreement, if, after any Event of Default under the Financing Agreement all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement, and shall have paid the reasonable charges and expenses of the Issuer, the Trustee, the Servicer and the Credit Facility Provider, including reasonable attorneys' fees paid or incurred in connection with such default, and shall have paid all amounts then due to the Credit Facility Provider, including, but not limited to, any Freddie Mac Reimbursement Amounts and Freddie Mac Credit Enhancement Fees, and if there shall then be no default existing under the Indenture, then and in every such case such Event of Default under the Financing Agreement shall be waived and annulled, but no such waiver or annulment shall affect any subsequent or other Event of Default or impair any right consequent thereon.

No Remedy Exclusive

No remedy conferred upon or reserved to the Issuer or the Trustee by the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or existing at or after the time of execution of the Financing Agreement at law or in equity or by statute. No delay or omission 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 thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to

exercise any remedy reserved to it in the Financing Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required by the Financing Agreement.

Rights of Credit Facility Provider

Notwithstanding anything in the Financing Agreement to the contrary, as long as a Wrongful Dishonor (as defined in the Financing Agreement) has not occurred with respect to the Credit Facility, none of the Issuer, the Trustee or any other person shall, upon the occurrence of an Event of Default under the Financing Agreement or an event of default under any other Bond Financing Document, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan, except at the written direction of the Credit Facility Provider; provided that this prohibition shall not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Tax Certificate and the Regulatory Agreement in order to provide for operation of the Project in accordance with the Code and the laws of the State, including the Act or to enforce the Unassigned Rights; and provided further that this prohibition shall not be construed to limit the rights of the Issuer, the Trustee or the Servicer or any indemnified party under the Financing Agreement to enforce its rights against the Borrower under the Financing Agreement by mandamus or other suit, action or proceeding at law or in equity where such suit, action or proceeding does not seek any remedies under or with respect to the Bond Mortgage or cause acceleration of the Bond Mortgage Loan.

Credit Facility Provider and Servicer as Third Party Beneficiaries

The parties to the Financing Agreement agree and acknowledge that the Credit Facility Provider and the Servicer are third party beneficiaries of the Financing Agreement.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a brief summary of certain provisions of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Trustee.

In the Regulatory Agreement, the Issuer, the Borrower and the Trustee each made certain covenants for the purpose of preserving the exclusion from gross income of interest on the Bonds for purposes of Federal income taxation and qualifying the Project for the California Tax Credit Allocation Committee Project (as defined therein) by regulating and restricting the use and occupancy of the Project as set forth therein. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, a copy of which is on file with the Trustee.

Definitions and Interpretation

"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 \$187,500.00 and (ii) the ongoing administrative fee payable every 12 months, commencing June 1, 2025*, in an amount equal to (A) prior to the completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, 0.125% of the original principal amount of the Bonds, (B) following the completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, 0.125% of the principal amount of the Bonds outstanding immediately after completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00 or more than \$62,500.00.

"Bond Mortgage Loan" has the meaning given to it in the recitals to the Regulatory Agreement.

"Bonds" has the meaning given to it in the recitals to the Regulatory Agreement.

"Borrower's Cost Certificate" means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

“CDLAC” has the meaning given to it in the recitals to the Regulatory Agreement.

“CDLAC Resolution” means Resolution No. 23-302 adopted by CDLAC on December 6, 2023, awarding an allocation of \$75,000,000* to the Project, 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 as an appendix to the Regulatory Agreement.

“Closing Date” has the meaning given to the term “Delivery Date” in the Indenture.

“Code” has the meaning given to it in the recitals to the Regulatory Agreement.

“Event of Default” has the meaning given to it in the Regulatory Agreement.

“Financing Agreement” means the Financing Agreement, dated as of [June] 1, 2024, by and among the Authority, the Trustee, and the Borrower, as amended, supplemented or restated from time to time.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached as an appendix to the Regulatory Agreement.

“Indenture” has the meaning given to it in the recitals to the Regulatory Agreement.

“Inducement Date” means July 21, 2023, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed \$75,000,000* in connection with the Project.

“Investor Limited Partner” means Berkadia Housing Partnership XI 2022 LP., a Delaware limited partnership, or its successors and assigns.

“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) of the Code 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.

* Preliminary; subject to change.

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 clause (a) under “Low Income and Very Low Income Units,” below.

“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.

“Partnership Agreement” means _____.

“Project” means the Project Facilities and the Project Site.

“Project Costs” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation 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 rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Project Facilities” mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Project Site” means the parcel or parcels of real property described in an appendix attached to the Regulatory Agreement and by this reference incorporated in the Regulatory Agreement, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any

reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of rehabilitation of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §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.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Trustee” means U.S. Bank Trust Company, National Association, or its successors and assigns.

“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) of the Code defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of

institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to clause (j) under “Low Income and Very Low Income Units,” below.

Residential Rental Project

The Borrower acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of the Regulatory Agreement, the Borrower represents, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, rehabilitated and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of the Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by

reason of any such action the interest on the Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's unit[s] described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) 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 of the United States Housing Act of 1937 certificates or vouchers, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of [one] unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the portion of the Bond Mortgage Loan funded by the Bonds and cause the Bonds to be prepaid or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to clauses (a) and (j) under "Low Income and Very Low Income Units," 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.

Low Income and Very Low Income Units

Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower represents, as of the date of the Regulatory Agreement, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the “**Assumed Unit and Household Sizes**”):

<u>Unit Size</u>	<u>Household Size</u>
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 Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant’s income in accordance with clause (c) under “Low Income and Very Low Income Units,” below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or thereafter 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 lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. 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 under clause (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 the Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 of the United States Housing Act of 1937 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 of the United States Housing Act of 1937 certificate or voucher holder in excess of those allowed under the Section 8 of the United States Housing Act of 1937 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 under clause (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 clause (a) under "Low Income and Very Low Income Units," above, the Authority shall require that not less than 10% (i.e., 27) of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this paragraph 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 clause (a) under "Low Income and Very Low Income Units," above.

Term

Except as provided under clause (j) of "Residential Rental Property," above and the Regulatory Agreement, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this section, the Regulatory Agreement and all and several of the terms of the Regulatory Agreement 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 under clause (j)(iii) of "Residential Rental Property," above and the Regulatory Agreement, and in the CDLAC Resolution referred to in the Regulatory Agreement, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture, Financing Agreement and Bond Mortgage Loan. Notwithstanding any other provisions of the Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or the

Regulatory Agreement, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee 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 Bonds.

The terms of the Regulatory Agreement to the contrary notwithstanding (except as to the provisions of the Regulatory Agreement), the Regulatory Agreement, and each and all of the terms of the Regulatory Agreement, 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 the 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 the Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture) or condemnation or a similar event, but in either case 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 the Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties to the Regulatory Agreement 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 the Regulatory Agreement, the parties to the Regulatory Agreement agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of the Regulatory Agreement shall be paid by the Borrower.

Covenants to Run with the Land

The Borrower subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Authority and the Borrower declare their express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument thereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENT

The Issuer, the Trustee and Freddie Mac have agreed upon their respective rights arising from an Event of Default under any Bond Financing Document in the Intercreditor Agreement. The following is a brief summary of certain provisions of the Intercreditor Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Intercreditor Agreement, a copy of which is on file with the Trustee.

Under the terms of the Intercreditor Agreement, the Issuer, the Trustee and Freddie Mac have agreed, among other things, that, until either (a) Freddie Mac fails to honor a draw properly presented in accordance with the terms of the Credit Enhancement Agreement or (b) the Credit Enhancement Agreement terminates in accordance with its terms and all of the Borrower's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full, certain of the rights and remedies of the Issuer and the Trustee under certain of the Bond Financing Documents, including (without limitation) the rights and remedies of the beneficiary under the Bond Mortgage, may be exercised only with the prior written consent or solely at the direction of Freddie Mac, in its sole discretion, including (without limitation) the right to waive certain terms and conditions of certain of the Bond Financing Documents pertaining to the Borrower.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following is a brief summary of the Reimbursement Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Reimbursement Agreement, a copy of which is on file with the Trustee.

Defined Terms

Capitalized terms used under this heading and not defined hereunder or elsewhere in this Official Statement will have the meanings assigned thereto in the Reimbursement Agreement.

General

The obligations of the Borrower to Freddie Mac under the Credit Enhancement Agreement will be evidenced by the Reimbursement Agreement. Under the Reimbursement Agreement, the Borrower will be obligated to repay Freddie Mac all sums of money Freddie Mac has advanced to the Trustee under the Credit Enhancement Agreement. The Reimbursement Agreement also provides that the Borrower is to pay the Freddie Mac Credit Enhancement Fee, the Servicing Fee, make scheduled monthly deposits to fund certain reserves (which have been established solely for the benefit of Freddie Mac) and other fees and expenses as provided therein.

Events of Default

The occurrence of any one or more of the following will constitute an Event of Default under the Reimbursement Agreement:

- (i) the Borrower fails to pay when due any amount payable by the Borrower under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses;
- (ii) the Borrower fails to perform its obligations under the Reimbursement Agreement relating to maintaining the tax exempt status of the Bonds, maintaining its character as a single purpose entity, amending or modifying its organizational documents without Freddie Mac's consent, dissolving or liquidating in whole or in part, permitting subordinate financings with respect to the Project or prepaying the Bond Mortgage Loan except in accordance with the Reimbursement Agreement;
- (iii) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Reimbursement Agreement, which failure continues for a period of 30 days after notice of such failure by Freddie Mac to the Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Freddie Mac's sole discretion, adversely affect Freddie Mac or result in impairment of the Reimbursement Agreement, the Bond Mortgage, the Reimbursement Mortgage or any other Reimbursement Security Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods will apply in the case of any such failure which could, in Freddie Mac's judgment, absent immediate exercise by Freddie Mac of a right or remedy under the Reimbursement Agreement, result in harm to Freddie Mac, impairment

of the Reimbursement Agreement, the Bond Mortgage, the Reimbursement Mortgage or any other Reimbursement Security Document;

(iv) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in any of the other Borrower Documents or there otherwise occurs an “Event of Default” under the Reimbursement Mortgage or an event of default under any of the other Borrower Documents (taking into account any applicable cure period);

(v) any representation or warranty made by or on behalf of the Borrower in the Reimbursement Agreement, in any other Borrower Document or in any certificate delivered by the Borrower to Freddie Mac or to the Freddie Mac Servicer pursuant to the Reimbursement Agreement or any other Borrower Document is inaccurate or incorrect in any material respect when made or deemed made;

(vi) the Borrower shall fail to pay the Required Principal Paydown, if required, following a Tax Abatement Loss Date or shall fail to provide redemption directions to the Trustee if so directed by Freddie Mac; or

(vii) a default or event of default occurs under the terms of any other indebtedness permitted to be incurred by the Borrower (after taking into account any applicable notice and cure period).

Remedies

Upon the occurrence of an Event of Default, Freddie Mac may declare all the obligations of the Borrower under the Reimbursement Agreement to be immediately due and payable, in which case all such obligations will become due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition to the foregoing, Freddie Mac has the right to take such action at law or in equity, without notice or demand, as it deems advisable to protect and enforce the rights of Freddie Mac against the Borrower in and to the Project conveyed by the Reimbursement Mortgage or the Bond Mortgage, including, but not limited to, the following actions: (i) demand cash collateral or Qualified Investments in the full amount of the obligations under the Bonds whether or not then due and payable by Freddie Mac under the Credit Enhancement Agreement; (ii) give written notice to the Trustee stating that an Event of Default has occurred and is continuing under the Reimbursement Agreement and directing the Trustee to accelerate or cause the mandatory redemption (or purchase in lieu) of the Bonds; (iii) exercise any rights and remedies available to Freddie Mac under any of the Borrower Documents; and (iv) exercise the same rights, powers, and remedies with respect to the UCC Collateral (as defined in the Reimbursement Agreement) that the Borrower may exercise, which rights, powers, and remedies are incorporated therein by reference for all purposes. In furtherance and not in limitation of the foregoing, Freddie Mac shall have all rights, remedies and recourses with respect to the UCC Collateral granted in the Borrower Documents and any other instrument executed in connection therewith, or existing at common law or equity (including specifically those granted by the Uniform Commercial Code as adopted in the State and any other state in which the filing of a UCC financing statement is necessary to perfect Freddie Mac’s security interest), the right of offset, the right to sell the UCC Collateral at public or private sale, and the right to receive distributions to the Borrower.

Freddie Mac has the right, to be exercised in its discretion, to waive any Event of Default under the Reimbursement Agreement. Unless such waiver expressly provides to the contrary, any waiver so granted will extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

Reimbursement Mortgage

The obligations of the Borrower under the Reimbursement Agreement will be secured by the Reimbursement Mortgage. The Reimbursement Mortgage will be subordinate to the Bond Mortgage, subject to the terms of the Intercreditor Agreement. Bondholders will have no rights under and are not third-party beneficiaries under the Reimbursement Mortgage.

Amendments

The Reimbursement Agreement can be amended by Freddie Mac and the Borrower without the consent of, or notice to, the Issuer, the Trustee or the holders of the Bonds.

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APPENDIX G
FORM OF CREDIT FACILITY

Freddie Mac Loan (Permanent) No.: _____

CREDIT ENHANCEMENT AGREEMENT

between

FEDERAL HOME LOAN MORTGAGE CORPORATION

and

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

**Relating to a
Bond Mortgage Loan
Securing**

**\$75,000,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Sea Breeze Gardens)
Series 2024E**

Dated as of June 1, 2024

* Preliminary; subject to change.

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT (this “**Agreement**”) is made and entered into as of June 1, 2024, by and between the **FEDERAL HOME LOAN MORTGAGE CORPORATION** (“**Freddie Mac**”), a shareholder-owned government sponsored enterprise organized and existing under the laws of the United States, and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION** (the “**Trustee**”), a national banking association, duly organized and existing under the laws of the United States of America in its capacity as Trustee under a Trust Indenture dated as of June 1, 2024 (the “**Indenture**”), between the Housing Authority of the City of San Diego (the “**Issuer**”) and the Trustee.

WITNESSETH:

WHEREAS, pursuant to the Indenture, the Issuer has issued its Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E in the original principal amount of \$75,000,000* (the “**Bonds**”); and

WHEREAS, pursuant to a Financing Agreement dated as of June 1, 2024 (the “**Financing Agreement**”) among the Issuer, the Trustee and Sea Breeze Gardens Preservation LP, a California limited partnership (the “**Borrower**”), the Issuer has agreed to use the proceeds of the sale of the Bonds to make a mortgage loan in the principal amount of \$75,000,000* (the “**Bond Mortgage Loan**”), to the Borrower to finance a multifamily rental housing development located at 4802-4890 Logan Avenue in the City of San Diego, California, known as Sea Breeze Gardens (the “**Project**”); and

WHEREAS, the Borrower has agreed to use the proceeds of the Bond Mortgage Loan to refinance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Borrower’s repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a promissory note dated June __, 2024 (together with all riders and addenda thereto, the “**Bond Mortgage Note**”) delivered to the Issuer and endorsed by the Issuer to the Trustee; and

WHEREAS, to secure the Borrower’s obligations under the Bond Mortgage Note, the Borrower has executed and delivered for the benefit of the Issuer a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of June 1, 2024 (the “**Bond Mortgage**”) with respect to the Project, which Bond Mortgage has been assigned by the Issuer to the Trustee pursuant to the Indenture; and

WHEREAS, in order to provide credit enhancement for the payment by the Borrower of amounts due under the Bond Mortgage Loan, the Borrower has requested that Freddie Mac enter into this Agreement with the Trustee, which permits the Trustee to make draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan; and

WHEREAS, to evidence the Borrower’s reimbursement obligations to Freddie Mac for draws made hereunder, the Borrower and Freddie Mac are entering into a Reimbursement and Security Agreement contemporaneously with the execution and delivery hereof (the “**Reimbursement Agreement**”); and

WHEREAS, to secure the Borrower’s reimbursement obligations to Freddie Mac under the Reimbursement Agreement, the Borrower is executing and delivering for the benefit of Freddie Mac a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing

* Preliminary; subject to change.

contemporaneously with the execution and delivery hereof (the “**Reimbursement Mortgage**”) with respect to the Project; and

WHEREAS, the rights of the Issuer, the Trustee and Freddie Mac to enforce remedies under the Bond Mortgage and the Reimbursement Mortgage, respectively, are governed by an Intercreditor Agreement dated as of June 1, 2024 (the “**Intercreditor Agreement**”) among the Issuer, the Trustee and Freddie Mac; and

WHEREAS, Berkadia Commercial Mortgage LLC (the “**Servicer**”) will act as initial servicer for the Bond Mortgage Loan;

NOW, THEREFORE, in consideration of the fees to be paid to Freddie Mac, the material covenants and undertakings set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Freddie Mac and the Trustee do hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. All capitalized terms not otherwise specifically defined in this Agreement shall have the same meanings, respectively, as the defined terms contained in the Indenture or the Reimbursement Agreement, as applicable. Unless otherwise expressly provided in this Agreement or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for all purposes of this Agreement.

“*Agreement*” means this Credit Enhancement Agreement, as the same may be amended, supplemented or restated from time to time.

“*Available Amount*” means, at any time, an amount equal to the aggregate principal amount of Bonds Outstanding (initially, \$75,000,000*) plus an amount equal to all the accrued interest on the Bonds Outstanding for up to 189 days (up to 194 days with respect to the first Required Bond Mortgage Payment), computed on the basis of a 360 day year of twelve (12) thirty (30) day months, as reduced by that amount, if any, previously provided by Freddie Mac to the Trustee for payment of the Guaranteed Payment, such reduction to be in an amount equal to 100% of the amount of such Guaranteed Payment. Following any provision of funds under this Agreement, the amount provided (and the amount by which the Available Amount is reduced) shall be reinstated only as provided in Section 3.1(a)(iv).

“*Bond Mortgage*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 1, 2024, together with all riders and addenda thereto, from the Borrower to the Issuer securing payment of the Bond Mortgage Loan, as the same may be amended, modified or supplemented from time to time, which Bond Mortgage has been assigned by the Issuer to the Trustee pursuant to the Indenture.

“*Bond Mortgage Loan*” means the loan in the original amount of \$75,000,000* by the Issuer to the Borrower pursuant to the Financing Agreement, as evidenced by the Bond Mortgage Note and secured by the Bond Mortgage, and comprised of the Bond Mortgage Loan.

* Preliminary; subject to change.

“*Bond Mortgage Note*” means the Bond Mortgage Note dated June __, 2024, delivered by the Borrower to the Issuer in the original principal amount of \$75,000,000*, together with all riders and addenda thereto, evidencing the Borrower’s obligation to repay the Bond Mortgage Loan, as the same may be amended, modified or supplemented from time to time, which promissory note has been endorsed by the Issuer to the Trustee.

“*Bond Mortgage Payment Date*” means (i) each Interest Payment Date (as defined in the Indenture) while the Bond Mortgage Loan is outstanding, commencing _____ 1, 20__* and (ii) any other date on which principal of the Bond Mortgage Note is paid.

“*Bonds*” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E.

“*Borrower*” means Sea Breeze Gardens Preservation LP, a California limited partnership, and any permitted successor to or assignee of its rights and obligations under the Bond Financing Documents.

“*Business Day*” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac’s fiscal agent) is authorized or obligated by law or executive order to remain closed, (d) a day on which the permanent home office of Freddie Mac is closed, or (e) a day on which (1) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee or the permanent home office of Freddie Mac is located are authorized or obligated by law or executive order to be closed or (2) the New York Stock Exchange is closed.

“*Closing Date*” means the date Freddie Mac executes and delivers this Agreement.

“*Custodian*” means U.S. Bank Trust Company, National Association, not in its individual capacity but solely in its capacity as collateral agent for Freddie Mac, and any successor thereto in such capacity.

“*Draw Request*” means a demand for payment delivered by the Trustee to Freddie Mac pursuant to Section 3.1(a)(i) of this Agreement.

“*Event of Default*” means the occurrence of an event of default as described in Section 6.1.

“*Financing Agreement*” means the Financing Agreement dated as of June 1, 2024 among the Issuer, the Trustee and the Borrower, as may be amended or supplemented from time to time.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“*Freddie Mac Credit Enhancement Payment*” means the amount required to be paid by Freddie Mac to the Trustee with respect to any Guaranteed Payment pursuant to Section 3.1(a)(i).

“*Freddie Mac Reimbursement Amount*” shall have the meaning set forth in the Reimbursement Agreement.

“*Freddie Mac Trustee E-mail Account*” means the Freddie Mac established e-mail account for receipt of notices, inquiries and other communications from bond trustees. The e-mail address for the

* Preliminary; subject to change.

Freddie Mac Trustee E-mail Account is MFLA_Trustees@freddiemac.com or such other e-mail address as Freddie Mac may designate from time to time.

“*Freddie Mac Trustee Hotline*” means the Freddie Mac established telephone hotline for bond trustees. The hotline number is (703) 714 4177 or such other phone number as Freddie Mac may designate from time to time.

“*Guaranteed Payment*” is defined within the definition of Required Bond Mortgage Payment herein.

“*Guide*” means, collectively, the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and Freddie Mac Multifamily Seller/Servicer Guide (as applicable), as the same may be amended, modified or supplemented from time to time.

“*Indenture*” means that certain Trust Indenture dated as of June 1, 2024 between the Issuer and the Trustee pursuant to which the Bonds are issued and secured, as the same may be amended, supplemented or restated from time to time.

“*Interest Component*” shall have the meaning provided in the definition of Required Bond Mortgage Payment and Guaranteed Payment, as applicable.

“*Issuer*” means the Housing Authority of the City of San Diego, and its successors.

“*Notice*” means any notice delivered by the Trustee to Freddie Mac pursuant to Section 3.1(a)(i), in the form set forth in Exhibit A hereto.

“*Pledge Agreement*” means the Pledge, Security and Custody Agreement dated as of June 1, 2024, among the Borrower, Freddie Mac and the Custodian, as the same may be amended, supplemented or restated from time to time.

“*Principal Component*” shall have the meaning provided in the definition of Required Bond Mortgage Payment and Guaranteed Payment, as applicable.

“*Purchase Price*” means, with respect to any Bond purchased in lieu of redemption pursuant to Section 3.06 of the Indenture, the principal amount of each Bond plus any redemption premium due thereon plus interest accrued to the Settlement Date. No portion of the Purchase Price consisting of any redemption premium shall be payable from funds drawn under this Agreement.

“*Purchased Bond*” means any Bond purchased pursuant to Section 3.06 of the Indenture during the period from and including the date of its purchase in lieu of redemption by the Trustee on behalf of the Borrower with amounts provided by Freddie Mac under this Agreement, to, but excluding, the date on which such Bond is (a) transferred pursuant to and in accordance with Section 3.06 of the Supplemental Indenture or (b) redeemed or otherwise cancelled.

“*Reimbursement Agreement*” means the Reimbursement and Security Agreement dated as of June 1, 2024 between the Borrower and Freddie Mac, as the same may be amended, supplemented or restated from time to time.

“*Reimbursement Mortgage*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 1, 2024 from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to

Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, as the same may be amended, supplemented or restated from time to time.

“*Required Bond Mortgage Payment*” and “*Guaranteed Payment*” mean the sum of the applicable Interest Component and the applicable Principal Component, as follows:

	Interest Component	Principal Component
Required Bond Mortgage Payment	(i) The regularly scheduled payment of interest due on the unpaid principal balance of the Bond Mortgage Loan, adjusted solely as provided in Section 3.4, (ii) upon optional or mandatory prepayment of the Bond Mortgage Loan, all accrued and unpaid interest on the amount prepaid and (iii) on the maturity date or upon acceleration of the Bond Mortgage Note, all accrued and unpaid interest thereon.	(i) The regularly scheduled payment of principal, on the Bond Mortgage Note, if any, (ii) upon optional or mandatory prepayment of the Bond Mortgage Loan, the principal amount of the Bond Mortgage Note being prepaid and (iii) on the maturity date or upon acceleration of the Bond Mortgage Note, the unpaid principal balance of the Bond Mortgage Note.
Guaranteed Payment	The Interest Component of the corresponding Required Bond Mortgage Payment.	(i) The regularly scheduled payment of principal, on the Bond Mortgage Note, if any (ii) upon optional or mandatory prepayment of the Bond Mortgage Loan, the principal amount of the Bond Mortgage Note being prepaid and (iii) on the maturity date or upon acceleration of the Bond Mortgage Note, the unpaid principal balance of the Bond Mortgage Note.

For the purpose of this Agreement only, regularly scheduled monthly deposits to the Credit Facility Principal Reimbursement Account of the Credit Facility Reimbursement Fund, as provided in the Reimbursement Agreement, or other escrows required by the Bond Mortgage or the Reimbursement Mortgage are not included in the Required Bond Mortgage Payment or Guaranteed Payment.

“*Servicer*” means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Berkadia Commercial Mortgage LLC, and its successors.

“*State*” means the State of California.

“*Termination Date*” means the first to occur of (a) the date the Bonds shall have been paid in full, (b) the date all of the Bonds shall have been redeemed or purchased in lieu of redemption in accordance with the provisions of Section 3.2 of this Agreement, (c) _____, 20___, and (d) the date on which the Trustee, after having received sufficient funds to redeem all of the Bonds Outstanding in accordance with the terms of the Indenture, shall have released the lien of the Indenture and shall have paid to Freddie Mac

all amounts required to be paid under the Indenture, the Financing Agreement, the Reimbursement Agreement, this Agreement and any other Bond Financing Document.

“*Trustee*” means U.S. Bank Trust Company, National Association, and its successors and any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“*Wire Request System*” means the Freddie Mac web based application known as “MultiSuite for Bonds Wire Request System,” which is designed to facilitate the payment of Draw Requests. The Wire Request System is to be used by the Trustee to conduct electronic transactions with Freddie Mac and is accessible only via Freddie Mac’s website at the following URL: <http://www.freddiemac.com/multifamily/bondswire.html>. For instructions on how to register and use the Wire Request System, please call the Freddie Mac Trustee Hotline.

Section 1.2 Interpretation. In this Agreement, unless the context otherwise requires, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include partnerships, limited liability companies, corporations and associations, including public bodies, as well as natural persons. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder”, and any similar terms, as used in this Agreement, refer to this Agreement. Any reference in this Agreement to an “Exhibit”, a “Section”, a “Subsection”, a “Paragraph” or a “subparagraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Agreement, a section of this Agreement, a subsection of the section of this Agreement in which the reference appears, a paragraph of the subsection within this Agreement in which the reference appears, or a subparagraph of the paragraph within which the reference appears. All Exhibits attached to or referred to in this Agreement are incorporated by reference into this Agreement.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by Freddie Mac. Freddie Mac represents and warrants that:

(a) It is a shareholder-owned government sponsored enterprise organized and existing under the laws of the United States of America.

(b) This Agreement is a valid and binding obligation of Freddie Mac, the making and performance of which by Freddie Mac have been duly authorized by all necessary corporate and other action and neither the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Agreement by Freddie Mac conflicts with, results in a breach of, or is a default under, in any material respect, any of the terms, conditions or provisions of any legal restriction or any instrument to which Freddie Mac is now a party or by which Freddie Mac is bound, or constitutes a violation of any law regulating the affairs of Freddie Mac or internal governing documents of Freddie Mac, and will not result in the creation of any prohibited encumbrance upon any of its assets.

Section 2.2 Representations by Trustee. The Trustee represents, warrants and covenants that:

(a) It is a national banking association, duly organized and existing under the laws of the United States, has the power (including trust powers) and authority to accept and execute trusts,

has duly accepted its appointment as Trustee under the Indenture, and all corporate action required to authorize acceptance of such appointment as Trustee under the Indenture, the execution, delivery and performance of the Indenture and this Agreement, and consummation of the transactions contemplated thereby and hereby, has been duly taken.

(b) It acknowledges that Freddie Mac has certain rights with respect to the Bond Mortgage Loan and the Bond Mortgage pursuant to the Intercreditor Agreement.

(c) It has furnished wire instructions, which are correctly set forth in Section 5.5, to Freddie Mac for Freddie Mac to make payments under this Agreement by wire transfer and will advise Freddie Mac, in writing, of any change to such instructions utilizing the form attached hereto as Exhibit B not less than five (5) Business Days prior to the effective date thereof.

ARTICLE III

CREDIT ENHANCEMENT

Section 3.1 Credit Enhancement Payments.

(a) (i) On each Bond Mortgage Payment Date, a portion of the Available Amount in an amount not to exceed the aggregate principal amount of the Bonds Outstanding (initially, \$75,000,000*) is available for the payment of the Principal Component of the Guaranteed Payment and a portion of the Available Amount in an amount not to exceed the accrued interest on the Bonds Outstanding for up to 189 days (up to 194 days with respect to the first Required Bond Mortgage Payment) (calculated as provided in the definition of Available Amount) is available for the payment of the Interest Component of the Guaranteed Payment, subject to reduction and reinstatement as provided in Section 3.1(a)(iv). Funds shall be made available to the Trustee for such payment against delivery by the Trustee of a demand for payment (each a "Draw Request"). Until Freddie Mac provides the Trustee with written or electronic notice to the contrary, the Trustee shall deliver Draw Requests to Freddie Mac using the Wire Request System. If, for any reason, the Trustee is unable to deliver a Draw Request electronically for processing a payment using the Wire Request System, the Trustee shall notify Freddie Mac immediately via the Freddie Mac Trustee Hotline and Freddie Mac Trustee E-mail Account and deliver that Draw Request by facsimile or electronic transmission, immediately confirmed by overnight delivery service, of a Notice, in the form set forth in Exhibit A hereto, to Freddie Mac at (571) 382-4798, if by facsimile transmission, or the Freddie Mac Trustee E-mail Account, if by electronic transmission (or to such other facsimile number or e-mail address or using such other means of electronic or telephonic communication as Freddie Mac shall designate in writing); provided that Freddie Mac may waive in writing the requirement of confirmation by overnight delivery service. If a Draw Request is made in strict conformity with the terms and conditions hereof, payment shall be made to the Trustee in immediately available funds (A) if such Draw Request is received by Freddie Mac by 12:00 Noon [Local Time][Washington, D.C.] time on any Business Day, not later than 2:00 p.m. [Local Time][Washington, D.C.] time on the next Business Day, and (B) if such Draw Request is so received after 12:00 Noon [Local Time][Washington, D.C.] time on any Business Day, not later than 2:00 p.m. [Local Time][Washington, D.C.] time on the second succeeding Business Day.

(ii) Notwithstanding any other provision of this Agreement, Freddie Mac shall have no obligation under any circumstance to make a Freddie Mac Credit Enhancement Payment or any other payment under this Agreement with respect to any prepayment

* Preliminary; subject to change.

premium or other prepayment charge payable on the Bond Mortgage Loan or due under the Bond Mortgage Note (or which may in any way relate to the Bonds, including any redemption premium on the Bonds), any reserve funds that are funded from Bond proceeds, any negative arbitrage or investment losses with respect to reserve amounts held by the Trustee under the Indenture, and Freddie Mac's obligation with respect to the payment of interest under this Section is limited to the Interest Component of the related Guaranteed Payment. In no event shall Freddie Mac be obligated to make a payment under Section 3.1(a) in excess of the Guaranteed Payment. The provisions of this Paragraph (a)(ii) shall in no way affect the obligation of Freddie Mac to make payment of principal to the extent elsewhere provided in this Section.

(iii) To the extent there are Purchased Bonds, Freddie Mac shall have no obligation under any circumstance to make a Freddie Mac Credit Enhancement Payment with respect to such Purchased Bonds.

(iv) Upon a payment under this Agreement, the Available Amount and the amount thereof available (A) for the payment of the Principal Component of the Guaranteed Payment, shall be automatically reduced by an amount equal to the amount of such payment for such purpose and (B) for the payment of the Interest Component of the Guaranteed Payment, shall be automatically reduced by an amount equal to the amount of such payment for such purpose. The obligation of Freddie Mac to pay the Principal Component of the Guaranteed Payment shall not be reinstated. The obligation of Freddie Mac to pay the Interest Component of the Guaranteed Payment shall be reinstated, up to the maximum amount set forth in Section 3.1(a)(i) for such purpose, automatically on the day following the provision of funds by Freddie Mac for payment of such Interest Component.

(v) Pursuant to the Pledge Agreement, Freddie Mac shall have a security interest (but no beneficial ownership interest) in Purchased Bonds and in the proceeds of Purchased Bonds.

(b) Intentionally Omitted.

(c) Payments required to be made pursuant to this Agreement shall be made from any source legally available to Freddie Mac, other than funds of the Borrower or the Issuer.

(d) Intentionally Omitted.

(e) This Agreement shall become effective upon its execution and delivery by Freddie Mac and the Trustee and shall cease to be in effect on the Termination Date.

The Trustee hereby expressly acknowledges and agrees that Freddie Mac shall have no liability to the Trustee or to the Bondholders for any failure to make full and timely payment of principal or interest on the Bonds resulting from a deficiency of moneys therefor under the Indenture if the Trustee shall not have delivered, in the manner and at the time required by this Agreement, a Notice under Section 3.1 hereof or any other notice required in this Agreement as a condition precedent to payment hereunder by Freddie Mac.

Section 3.2 Right of Freddie Mac to Cause Redemption, Purchase in Lieu of Redemption or Acceleration of Bonds.

(a) Subject to the provisions of the Indenture, Freddie Mac shall have the right to direct the Trustee to provide notice of redemption or purchase in lieu of redemption of the Bonds to the extent and upon the terms described in the Indenture, provided that Freddie Mac agrees to honor a Notice given in accordance with this Agreement to pay to the Trustee the full redemption price or Purchase Price of the Bonds upon the redemption or purchase in lieu of redemption thereof.

(b) If Freddie Mac pays the Purchase Price of the Bonds in accordance with a purchase in lieu of redemption thereof pursuant to Section 3.06 of the Indenture, subsequent to its date of purchase Freddie Mac or an entity designated by Freddie Mac in accordance with Section 3.06 of the Indenture, as the case may be, may on any day elect to present all or a portion of such Bonds to the Trustee for cancellation pursuant to Section 3.07 of the Indenture.

(c) Freddie Mac shall have the right to cause an acceleration of the Bonds pursuant to Section 6.02 of the Indenture, provided the conditions set forth therein have been satisfied. In such event, Freddie Mac shall pay to the Trustee the entire principal amount of the Bonds, together with accrued interest thereon to the date of acceleration of the Bonds.

(d) Upon the payment by Freddie Mac of the redemption price or Purchase Price of the Bonds as provided in Sections 3.2(a), (b) or (c) all payment obligations of Freddie Mac under Section 3.1 with respect to such Bonds to the extent of such payment shall thereupon terminate, other than payment obligations becoming due and owing prior to the date of such payment.

Section 3.3 Nature of the Trustee's Rights. The right of the Trustee to receive payments from Freddie Mac pursuant to Sections 3.1 and 3.2 shall not be diminished by any rights of set off, recoupment or counterclaim Freddie Mac might otherwise have against the Issuer, the Trustee, the Borrower or any other person. Notwithstanding the foregoing, this Section 3.3 shall not be construed: to release the Trustee or the Issuer from any of their respective obligations hereunder or under the Indenture; except as provided in this Section, to prevent or restrict Freddie Mac from asserting any rights which it may have against the Issuer, the Trustee or the Borrower under this Agreement, the Indenture, the Intercreditor Agreement, the Bond Mortgage Loan or any provisions of law; or to prevent or restrict Freddie Mac, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Issuer, the Trustee or the Borrower or taking any other actions to protect or secure its rights; provided, however that any recovery against the Issuer is limited to the amounts held under the Indenture.

Section 3.4 Adjustments to Required Bond Mortgage Payments and Guaranteed Payments. In connection with any partial principal prepayments of amounts owing under the Bond Mortgage Note, the Interest Component of the Required Bond Mortgage Payment shall be adjusted only upon the redemption of Bonds in the amount of such principal prepayment.

ARTICLE IV

FREDDIE MAC REIMBURSEMENTS

Section 4.1 Reimbursements.

(a) For each Freddie Mac Credit Enhancement Payment made by Freddie Mac, Freddie Mac shall be entitled to receive reimbursement under the Reimbursement Agreement in the amount of the Freddie Mac Reimbursement Amount. If the Trustee shall have received a Freddie Mac Credit Enhancement Payment from Freddie Mac with respect to any particular Guaranteed Payment and the Trustee shall have received or shall thereafter receive from the Borrower all or any portion of such Guaranteed Payment or any other amount in lieu of such Guaranteed Payment, the Trustee shall promptly

reimburse to Freddie Mac, from any such amounts received from the Borrower, the Freddie Mac Credit Enhancement Payment paid by Freddie Mac as provided in the Indenture.

(b) The Trustee shall maintain records of all Freddie Mac Credit Enhancement Payments received from Freddie Mac hereunder. The Trustee shall, upon receipt of a written request of Freddie Mac, cooperate with Freddie Mac and the Servicer in connection with the reconciliation of the Trustee's records maintained pursuant to this Subsection and any similar records maintained by Freddie Mac or the Servicer.

ARTICLE V

COVENANTS

Section 5.1 Annual Reports. Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Any document that Freddie Mac files with the SEC may be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. These SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>.

Section 5.2 Notice of Certain Events. The Trustee shall promptly give notice by facsimile or electronic transmission to Freddie Mac at (571) 382-4798, if by facsimile transmission, or the Freddie Mac Trustee E-mail Account, if by electronic transmission, of (i) the occurrence of any Event of Default under the Indenture or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default thereunder of which the Trustee has actual knowledge, specifying the action taken or proposed to be taken with respect to such event, and (ii) each proposed redemption of Bonds and the amount thereof, in writing, not later than 20 days (or as soon as practicable after receiving notice or other information that such a redemption is expected to occur, if such proposed redemption is to be effected with less than 20 days' prior notice in accordance with the Indenture) prior to such redemption, other than scheduled mandatory sinking fund redemptions.

Section 5.3 Amendment of Documents. So long as no Event of Default hereunder shall have occurred and be continuing, the Trustee will not amend or modify, or consent to any amendment or modification of any Bond Financing Document without the prior written consent of Freddie Mac.

Section 5.4 Replacement of Servicer. The Trustee acknowledges that, under certain circumstances set forth in the Guide, Freddie Mac shall have the right to terminate the Servicer's servicing of the Bond Mortgage Loan and to transfer the servicing of the Bond Mortgage Loan to a successor servicer in accordance with the Guide. Freddie Mac will promptly notify the Trustee upon termination of the Servicer and the appointment of a successor servicer.

Section 5.5 Wiring Information. All payments under this Agreement may be made by means of wire transfer of funds to the Trustee to the following account or such other account as the Trustee may specify in writing from time to time:

U.S. Bank Trust Company, National Association

ABA: [_____]

A/C: [_____]

BNF: [_____]

Bnf Address: [_____]

OBI: [_____]

REF: [_____]

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one or more of the following acts or occurrences shall constitute an Event of Default hereunder:

- (a) Failure by Freddie Mac to pay any amounts due under Section 3.1 or 3.2 when due; or
- (b) Failure by Freddie Mac to perform or observe any of its covenants, agreements or obligations hereunder, except a failure described in (a) above, if the same shall remain uncured for a period of 45 days after written notice of such failure shall have been given by the Trustee to Freddie Mac; provided, however, that if such default is curable but requires acts to be done or conditions to be remedied which, by their nature, cannot be done or remedied within such 45 day period, no Event of Default shall be deemed to have occurred if Freddie Mac shall commence such acts or remedies within such 45 day period and thereafter, in the opinion of the Trustee, diligently pursue the same to completion; or
- (c) any governmental authority shall require Freddie Mac to suspend its operations for more than three (3) Business Days (unless such requirement is applicable to corporate instrumentalities or financial institutions generally in the United States), or require the sale or transfer of all or substantially all of the assets of Freddie Mac.

Section 6.2 Remedies of Trustee. Upon the occurrence and continuance of any Event of Default by Freddie Mac hereunder, unless such Event of Default has been cured, the Trustee may take any one or more of the following steps, at its option:

- (a) by action at law or in equity, require Freddie Mac to perform its covenants and obligations hereunder, or enjoin any acts which may be unlawful or in violation of the rights of the Trustee; and
- (b) take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of Freddie Mac hereunder, or to enforce any other obligations, covenant or agreement of Freddie Mac hereunder.

The above provisions are subject to the condition that if, after any Event of Default hereunder, all amounts which would then be payable hereunder by Freddie Mac if such Event of Default had not occurred and were not continuing, shall have been paid by or on behalf of Freddie Mac, and Freddie Mac shall have also performed all other obligations in respect of which it is then in default hereunder to the satisfaction of the Trustee, then such Event of Default may be waived and annulled, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any consequent right or remedy.

Section 6.3 Remedies Not Exclusive. No remedy conferred in this Agreement or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 6.4 Restoration of Rights and Remedies. If the Trustee shall have instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the party instituting such proceeding, then and in every such case Freddie Mac, and the Trustee shall, subject to any determination in such

proceeding, be restored to their former positions hereunder and thereafter all rights and remedies of the Trustee shall continue as though no such proceeding had been instituted.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 Interest of Bondholders. The payments to be made by Freddie Mac hereunder are to be pledged by the Trustee to secure payment of the principal or redemption price of and interest on the Bonds (including the Purchase Price in connection with any purchase in lieu of redemption pursuant to Section 3.06 of the Indenture); provided that in no event shall Freddie Mac be obligated to pay the principal or redemption price of and interest on Purchased Bonds.

Section 7.2 Amendment. This Agreement shall be amended only by an instrument in writing executed on behalf of the parties by their duly authorized representatives.

Section 7.3 No Individual Liability. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any member of the Board of Directors of Freddie Mac or any officer, agent, employee or representative of Freddie Mac, or the Trustee, in his or her individual capacity and none of such persons shall be subject to any personal liability or accountability by reason of the execution of this Agreement, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise.

Section 7.4 Notices. All notices, certificates and other written communications shall be sufficiently given and shall be deemed to be given (unless another form of notice shall be specifically set forth in this Agreement) on the Business Day following the date on which the same shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt for overnight delivery service) with arrangements made for payment of all charges for next business day delivery, addressed as follows (provided that any of such addresses may be changed at any time upon written notice of such change sent, as provided in this Section, to the other party):

To Freddie Mac: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4F
McLean, VA 22102
Attention: Director of Multifamily Loan Servicing
Facsimile: (703) 714 3003
Telephone: (703) 903 2000

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, VA 22102
Attention: Managing Associate General Counsel – Multifamily
Legal Division
E-mail: guy_nelson@freddiemac.com
Telephone: (703) 903 2000

with a copy to:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B2E

McLean, VA 22102
Attention: Multifamily Operations – Loan Accounting
E-mail: mfla@freddiemac.com
Trustee Hotline: (703) 714 4177

To the Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Telephone: (206) 438-1267

Notwithstanding anything herein to the contrary, copies of account statements shall be sent to the attention of Freddie Mac’s Director of Multifamily Loan Accounting at the above address.

Section 7.5 Governing Law. This Agreement shall be construed, and the rights and obligations of Freddie Mac and the Trustee hereunder determined in accordance with federal statutory or common law (“federal law”). Insofar as there may be no applicable rule or precedent under federal law and insofar as to do so would not frustrate the purposes of any provision of this agreement, the local law of the Commonwealth of Virginia shall be deemed reflective of federal law. The parties agree that any legal actions between Freddie Mac and the Trustee regarding each party hereunder shall be originated in the United States District Court in and for the Eastern District of Virginia, and the parties hereby consent to the jurisdiction and venue of said Court in connection with any action or proceeding initiated concerning this Agreement.

Section 7.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 7.7 Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 7.8 Successor Trustee. This Agreement and all of the rights and obligations of the Trustee in this Agreement shall be automatically transferred and assigned to a successor Trustee appointed or acting pursuant to the Indenture.

Section 7.9 Assignment. Except as provided in Section 7.8 hereof, this Agreement and the rights of the Trustee created hereby may not be assigned or transferred by the Trustee.

Section 7.10 Acceptance. The Trustee accepts the duties imposed upon it by this Agreement and agrees to perform those duties but only upon and subject to the following express terms and conditions:

(a) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Trustee;

(b) as to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceedings, the Trustee shall be entitled to rely in good faith upon a certificate purportedly signed by an authorized signatory of Freddie Mac as sufficient evidence of the facts contained in such certificate;

(c) the permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct;

(d) none of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement except for any liability of the Trustee arising from its own negligence or willful misconduct;

(e) the Trustee is entering into this Agreement solely in its capacity as Trustee under the Indenture and not in its individual or corporate capacity; and

(f) all of the provisions of the Indenture related to the duties, obligations, standard of care, protections and immunities from liability afforded the Trustee under the Indenture shall apply to the Trustee under this Agreement.

[Signatures follow]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Enhancement Agreement to be duly executed by their duly authorized officers or representatives.

FEDERAL HOME LOAN MORTGAGE CORPORATION

[Name][Title]

By: _____

[Freddie Mac Signature Page to **Sea Breeze Gardens** Credit Enhancement Agreement]

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

By: _____
Name:
Title:

[Trustee Signature Page to **Sea Breeze Gardens** Credit Enhancement Agreement]

EXHIBIT A

FORM OF NOTICE UNDER SECTION 3.1(a)(i)

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B2E
McLean, VA 22102
Attention: Multifamily Operations - Loan Accounting
Facsimile: (571) 382 - 4798

Project Name: Sea Breeze Gardens

Related Bonds: \$75,000,000* Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

CUSIP Numbers: [] (Bonds)

Loan Number: _____

Date of Notice: _____

CERTIFICATE FOR THE PAYMENT OF GUARANTEED PAYMENT

under Section 3.1(a)(i) of Credit Enhancement Agreement between Freddie Mac and the undersigned, as Trustee, dated as of June 1, 2024 relating to the Bond Mortgage Loan securing the Bonds referenced above

Bond Mortgage Payment Date: _____, _____

Guaranteed Payment: \$ _____

NOTICE is hereby given that on the Bond Mortgage Payment Date set forth above, a Freddie Mac Credit Enhancement Payment in the amount equal to the Guaranteed Payment, of which amount \$ _____ represents the Interest Component and \$ _____ represents the Principal Component, is due. The amount of the Guaranteed Payment has been determined pursuant to the above referenced Credit Enhancement Agreement.

REQUEST is hereby made for payment by Freddie Mac of such Freddie Mac Credit Enhancement Payment in accordance with the Credit Enhancement Agreement.

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

Authorized Signature: _____
Name: _____
Title: _____

* Preliminary; subject to change.

EXHIBIT B

FREDDIE MAC MULTIFAMILY

BOND WIRE INSTRUCTION CHANGE REQUEST FORM

<i>Freddie Mac Internal Use:</i>			
_____	_____	_____	_____
Loan Accounting Approval	Date	MF Operations Approval	Date

Bond Trustee – Please complete all required (*) fields. This wire instruction change applies only to the Freddie Mac loan number(s) referenced below.

A. Trustee's Prior Wire Instructions:

Bond Property Name (Beneficiary): _____

***Freddie Mac Loan Number(s):** _____

***Bank Name:** _____

***Bank City:** _____

***Bank State:** _____

***ABA Number:** _____

***Account Number:** _____

Further Credit Instructions:

Name of Final Credit Party: _____

Final Credit Party Account Number: _____

B. Trustee's New Wire Instructions:

Bond Property Name: _____

***Freddie Mac Loan Number(s):** _____

***Bank Name:** _____

***Bank City:** _____

***Bank State:** _____

***ABA Number:** _____

***Account Number:** _____

Further Credit Instructions:

Name of Final Credit Party: _____

Final Credit Party Account Number: _____

Effective Date of Notice: _____, **which date is at least five (5) Business Days after the date of this notice.**

As of the Effective Date set forth above, all wires of funds to the Trustee for the above referenced Freddie Mac loan number(s) pursuant to the Wire Request System shall be transmitted using the new wire instructions set forth in this notice.

[EXHIBIT B CONTINUES ON FOLLOWING PAGE]

C. Trustee Authorized Signature:

Each of the undersigned hereby represents and warrants to Freddie Mac that he/she is a duly appointed officer of the Trustee who is duly authorized to disseminate the Trustee’s wire instructions, all of which is evidenced by either (i) resolutions (in full force and effect on the date of the execution of this form) of the board of directors of the Trustee, a true, complete and correct copy of which is attached as Schedule 1 hereto, or (ii) an Incumbency Certificate (in full force and effect on the date of the execution of this form) in the form attached hereto as Schedule 2, which has been signed and sealed by the corporate Secretary or Assistant Secretary of the Trustee, a true, complete and correct copy of which is attached hereto.

Trustee Name: _____

Date: _____

Name	Position/Title	Signature
Address		<u>City, State and Zip Code</u>
Telephone	Fax	E-mail

Name	Position/Title	Signature
Address		<u>City, State and Zip Code</u>
Telephone	Fax	E-mail

[Insert other Authorized Persons, as needed.]

NOTE: PROVIDE A NOTARY PANEL FOR EACH AUTHORIZED PERSON INDICATED ABOVE.

STATE OF _____)

: ss

CITY/COUNTY OF _____)

On the ____ day of _____, 20____, before me, the undersigned notary public, personally appeared _____, who is personally known to me, or who proved to me on the basis of satisfactory evidence that he/she is the individual whose name is subscribed to the within instrument, and he/she acknowledged to me that he/she executed the same in his/her capacity as the _____ of _____.

[Seal]

Notary Public

STATE OF _____)

: ss

CITY/COUNTY OF _____)

On the ____ day of _____, 20____, before me, the undersigned notary public, personally appeared _____, who is personally known to me, or who proved to me on the basis of satisfactory evidence that he/she is the individual whose name is subscribed to the within instrument, and he/she acknowledged to me that he/she executed the same in his/her capacity as the _____ of _____.

[Seal]

Notary Public

* This form is to be delivered to: Freddie Mac Multifamily, Loan Accounting Manager, 8100 Jones Branch Drive, Mail Stop B4Q, McLean, VA 22102 via overnight mail service.

SCHEDULE 1

to

Bond Wire Instruction Change Request Form

[INSTRUCTIONS: CORPORATE SECRETARY, PLEASE REMOVE THIS PAGE AND ATTACH AS “SCHEDULE 1” THE BOARD RESOLUTION REFERENCED ABOVE USING THE EXAMPLE BELOW.]

EXAMPLE OF CORPORATE RESOLUTION:

BOARD OF DIRECTORS
OF
[INSERT CORPORATION NAME]

DATE: _____

WHEREAS, the Board of Directors (the “**Board**”) of [INSERT CORPORATION NAME] (the “**Corporation**”) is adopting the following Resolution to amend, restate, assign or reassign general delegations of authority regarding its management with respect to subject matters not otherwise covered by specific Resolutions of the Board.

NOW, THEREFORE, BE IT RESOLVED that the individuals listed below are fully authorized and empowered to establish accounts in any bank or financial or depository institution in the name and on behalf, of [INSERT CORPORATION’S NAME]; to make deposits in, charge, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages; and to make, execute, and deliver, wire transfer instructions or Automated Clearing House (ACH) instructions (if applicable) in writing or by electronic means, including any and all written instruments necessary or proper to effectuate the authority hereby conferred; and that any such actions heretofore taken by any of the following persons on behalf of [INSERT CORPORATION’S NAME] are hereby ratified, approved, and confirmed.

[The Resolution should set forth either: (i) designated individuals by their names and their titles or (ii) categories of authorized employees (for example: Senior Vice Presidents, Vice Presidents, Treasurers, etc.)]

By the Board of Directors

[Typed Name], Secretary/Assistant Secretary

[ATTACH CORPORATE SEAL]

SCHEDULE 2

to

Bond Wire Instruction Change Request Form

INCUMBENCY CERTIFICATE

The undersigned hereby certifies to the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) that I am the [Secretary / Assistant Secretary] of U.S. Bank Trust Company, National Association (the “**Trustee**”), a _____, duly organized and existing under the laws of _____, and that, as such, I am duly authorized to execute this Incumbency Certificate on behalf of the Trustee; and I further certify that each of the following persons, as of the date hereof, holds the office of the Trustee set opposite his or her name below, and that each such person is duly authorized to disseminate the Trustee’s wire instructions.

Name: _____
Name: _____
Name: _____
Name: _____

Title: _____
Title: _____
Title: _____
Title: _____

WITNESS the official seal of the Trustee and the signature of the undersigned this ____ day of _____, 20__.

[ATTACH THE CORPORATE SEAL]

Print Name: _____

Title: [Secretary / Assistant Secretary]

APPENDIX H

FORM OF OPINION OF BOND COUNSEL

_____, 2024

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Executive Director

OPINION: \$75,000,000* Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

Ladies and Gentlemen:

Capitalized terms used but not defined herein shall have the meanings given to them in the Trust Indenture, dated as of _____ 1, 2024 (the “**Indenture**”), by and between the Housing Authority of the City of San Diego (the “**Authority**”) and U.S. Bank Trust Company, National Association, as trustee, and the Financing Agreement.

We have acted as bond counsel in connection with the issuance by the Authority of its \$75,000,000* Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**Bonds**”) pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “**Act**”), the Indenture, and a resolution of the Authority adopted [May 21], 2024. The Authority is issuing the Bonds for the purpose of making the Loan to the Borrower to finance the acquisition, rehabilitation, development and equipping of a multifamily rental housing known as “Sea Breeze Gardens,” consisting of a 268-unit (including [one] manager’s unit) multifamily rental housing facility located at 4802-4890 Logan Avenue, in the City of San Diego, California (collectively, the “**Project**”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations and covenants of the Authority contained in the Indenture; of the Borrower contained in the Financing Agreement; of the Authority and Borrower contained in the Regulatory Agreement; and of the Authority, the Borrower and others contained in the certified proceedings relating to the origination of the Loan and the issuance of the Bonds. We have also relied upon certain other certifications of public officials and the Borrower, in each case furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the general counsel to the Authority, and others, without undertaking to verify the same by independent investigation.

Based upon the foregoing, as of the date hereof, we are of the opinion, under existing law, that:

1. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by it for the security of the Bonds subject to no prior lien granted under the Act.

* Preliminary; subject to change.

2. The Bonds have been duly authorized, executed and delivered by the Authority and constitute valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while the Bonds are held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the previous paragraph are subject to the condition that the Authority, Borrower and any future owner or user of the Project comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of any owner of the Bonds and the enforceability of the Bonds, Indenture, Financing Agreement and Regulatory Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, based upon any assumptions contained herein and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$75,000,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Sea Breeze Gardens)
Series 2024E**

This Continuing Disclosure Agreement, dated as of June 1, 2024 (this “Continuing Disclosure Agreement”), is executed and delivered by Sea Breeze Gardens Preservation LP, a California limited partnership (the “Borrower”), and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”), for the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2024 (the “Indenture”) between the Housing Authority of the City of San Diego (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the Indenture and the Financing Agreement, dated as of June 1, 2024, by and among the Issuer, the Borrower and the Trustee (the “Financing Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

* Preliminary; subject to change.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2024, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated

Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and

(xvii) The Project's being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsection (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure

Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Provision of Quarterly Statements. The Dissemination Agent shall, at the request of the Holders of the Bonds, furnish to the Holders of the Bonds, quarterly statements of the activity and assets held in each of the funds and accounts maintained by the Dissemination Agent in its capacity as Trustee

under the Indenture. The Dissemination Agent shall satisfy this obligation by providing such quarterly statements via EMMA and/or an online system accessible to the Borrower and the Holders of the Bonds on each March 31st, June 30th, September 30th and December 31st. The Dissemination Agent shall furnish such quarterly statements at the sole cost of the Borrower.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as

set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Sea Breeze Gardens Preservation LP
c/o Lincoln Avenue Capital
401 Wilshire Boulevard, 11th Floor
Santa Monica, CA 90401
Attention: Hanna Jamar and Russell Condas
Email: hanna@lincolnavecap.com and rcondas@lincolnavecap.com

with a copy to:

PacH Sea Breeze Holdings, LLC
c/o Pacific Housing, Inc.
2115 J Street, Suite 201
Sacramento, CA 95816
Attention: Mat Eland
Email: meland@pacifichousing.org

with a copy to:

Levitt & Boccio, LLP
423 West 55th Street, 8th Floor
New York, NY 10019
Attention: Eleor Cohen
Email: ecohen@levittboccio.com

with a copy to:

Cox Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, CA 94111
Attention: Ofer Elitzur
Email: oelitzur@coxcastle.com

If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Email: _____

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged

at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas
Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Mark A. Wiese
President

[Counterpart Signature Page to Continuing Disclosure Agreement]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$75,000,000*

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Sea Breeze Gardens
Address:	4802-4890 Logan Avenue, San Diego, CA 92113
Number of Units:	268

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	%
Economic Occupancy ¹	%

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration

* Preliminary; subject to change.

items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Housing Authority of the City of San Diego
Name of Bond Issue: Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E
Name of Borrower: Sea Breeze Gardens Preservation LP
CUSIP: _____
Date of Issuance: June __, 2024

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: Housing Authority of the City of San Diego
Name of Bond Issue: Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E
Name of Borrower: Sea Breeze Gardens Preservation LP
Name of Project: Sea Breeze Gardens
Address of Project: 4802-4890 Logan Avenue, San Diego, CA 92113
Date of Issuance: June __, 2024

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of June 1, 2024, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the “Project”) is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$75,000,000*

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”) that the multifamily rental housing facility known as Sea Breeze Gardens (the “Project”) has been placed in service in accordance with the Trust Indenture, dated as of June 1, 2024, between Housing Authority of the City of San Diego (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”).

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas
Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Mark A. Wiese
President

* Preliminary; subject to change.

BOND PURCHASE AGREEMENT

Dated June __, 2024

by and among

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO**

and

SEA BREEZE GARDENS PRESERVATION LP

Relating to:

**\$75,000,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

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BOND PURCHASE AGREEMENT

Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated June __, 2024 (this “*Purchase Contract*”) with the Housing Authority of the City of San Diego (together with its successors and assigns, the “*Issuer*”) and Sea Breeze Gardens Preservation LP, a California limited partnership (the “*Borrower*”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the “*1933 Act*”). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Pacific Standard Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background.

1.1 Capitalized terms used in this Purchase Contract but not defined herein have the meanings assigned to them in the Trust Indenture by and between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “*Trustee*”) dated as of June 1, 2024 (the “*Indenture*”).

1.2 This Purchase Contract is for the sale and delivery of the Issuer’s \$75,000,000 Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “*Bonds*”) which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted _____, 2024 (the “*Bond Resolution*”), (ii) Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “*Act*”), and (iii) the terms of the Indenture. The Bonds will be payable from sources pledged under the Indenture, including the moneys and securities from time to time held by the Trustee in the funds and accounts established under the terms of the Indenture (collectively, the “*Trust Estate*”). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indenture; the Financing Agreement among the Issuer, the Trustee and the Borrower (the “*Financing Agreement*”) dated as of June 1, 2024; the Certificate as to Arbitrage (the “*Arbitrage Certificate*”) of the Borrower and the Issuer and the Certificate Regarding Use of Proceeds (the “*Use of Proceeds Certificate*”), each dated the Closing Date (the Arbitrage Certificate and the Use of Proceeds Certificate, (collectively, the “*Tax Certificate*”); and the Regulatory Agreement and Declaration of Restrictive Covenants (the “*Regulatory Agreement*”) dated as of June 1, 2024 among the Issuer, the Trustee and the Borrower (collectively, other than the Use of Proceeds Certificate, the “*Issuer Documents*”); and the Borrower will execute and deliver this Purchase Contract, the Financing Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the Regulatory Agreement (collectively, the “*Borrower Documents*”). The Issuer Documents and the Borrower Documents are referred to herein as the “*Financing Documents*.”

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), \$ _____ aggregate principal amount of its Bonds at a price set forth in Exhibit A attached hereto. [The Underwriter also hereby agrees to advance an additional amount equal to \$ _____ as set forth under the Indenture (the “*Underwriter’s Advance*”). The Underwriter will be reimbursed on or before the Closing Date by the Borrower for the Underwriter’s Advance.]

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the hereinafter-defined Official Statement.

2.3 The Issuer, the Borrower and the Underwriter each acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no contractual obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter. The Underwriter has financial and other interests that differ from those of the Issuer and the Borrower. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-1.

Section 3. Offering of Bonds and Issue Price Certificate.

The Underwriter hereby agrees that: (a) the Underwriter will make a bona fide public offering of the Bonds at the price shown in Exhibit A hereto; (b) at least 10% of each maturity of the Bonds were sold at the price shown for that Maturity (as defined in Exhibit E hereto) on the date hereof; and (c) the Underwriter will provide to the Issuer and Jones Hall, a Professional Law Corporation ("Bond Counsel"), an executed Issue Price Certificate dated the Closing Date (as defined herein) in the form attached as Exhibit E hereto or other form reasonably required by Bond Counsel in order to establish the issue price of the Bonds. The Underwriter reserves the right to change such prices as it deems necessary in connection with the offering of the Bonds. Concessions from the public offering price may be allowed to selected dealers and special purchasers. The Borrower authorizes the Underwriter to complete the supplement to the Official Statement to insert the reoffering price for the Bonds selected by the Underwriter in its complete discretion.

Section 4. Closing.

Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the "*Closing*") will take place at 10:00 a.m. Eastern Time on June __, 2024, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the "*Closing Date*."

Section 5. Official Statement; Disclosure Matters.

5.1 The Issuer and the Borrower each hereby (a) confirms its consent to the use by the Underwriter of the Preliminary Official Statement dated June __, 2024, relating to the Bonds (the "*Preliminary Official Statement*") in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement dated June __, 2024, relating to the Bonds (the "*Official Statement*") in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (“*Rule 15c2-12*”) under the Securities Exchange Act of 1934, as amended (the “*1934 Act*”), and any other rules of the Securities and Exchange Commission (the “*SEC*”) and the Municipal Securities Rulemaking Board (the “*MSRB*”), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statement as of its date and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” has been “deemed final” by the Issuer as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statement and the Official Statement under the captions “PRIVATE PARTICIPANTS,” “THE PROJECT,” “CONTINUING DISCLOSURE” and “ABSENCE OF LITIGATION – The Borrower” have been “deemed final” by the Borrower as of their dates, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12. Notwithstanding anything to the contrary set forth herein, the foregoing certification shall be strictly limited to compliance with Rule 15c2-12, and shall not be read to increase or expand the Borrower’s representations, warranties or indemnities set forth herein, including but not limited to, the representation set forth in Section 5.4(b) below.

5.4 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower hereby represents that the information in the Preliminary Official Statement as of its date and the Official Statement under the captions “PRIVATE PARTICIPANTS,” “THE PROJECT,” “PLAN OF FINANCING,” “CONTINUING DISCLOSURE” and “ABSENCE OF LITIGATION—The Borrower” is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.5 The Issuer and the Borrower will, at the expense of the Borrower, supply to the Underwriter the Official Statement, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Borrower shall cause to be provided to the Underwriter the Official Statement, including any amendments thereto, in word-searchable PDF

format as described in the MSRB's Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the "*Update Period*"), if any event shall occur which would cause the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and in the reasonable professional judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement or the Official Statement, the Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Preliminary Official Statement or the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Preliminary Official Statement or the Official Statement so that, as supplemented or amended, they will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. If the Preliminary Official Statement or the Official Statement are so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Preliminary Official Statement or the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 12(c) hereof. The "*End of the Underwriting Period*" means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the "*End of the Underwriting Period*" shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" of the Preliminary Official Statement or the Official Statement which would cause such portions of the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Preliminary Official Statement as of its date or the Official Statement as of its date under the captions "PRIVATE PARTICIPANTS," "THE PROJECT," "PLAN OF FINANCING," "CONTINUING DISCLOSURE" and "ABSENCE OF LITIGATION—The Borrower" to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in

light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which it receives written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bond.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that the Borrower is not in default under any undertakings with respect to continuing disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 The Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “State”), and has full power and authority under the Act to adopt the Bond Resolution and to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, or threatened in writing against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The statements and information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” are true and correct in all material respects, and the information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” does not contain an untrue statement of a material fact or omit any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading;

(e) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer’s part contained therein will neither (i) conflict with or constitute

a material breach of or default under any law, administrative regulation, judgment or decree to which the Issuer is subject, (ii) conflict with any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (iii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(f) Except as may be required under Blue Sky or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(g) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution;

(h) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(i) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Purchase Contract, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate established under the Indenture. It is further understood and agreed that the Issuer makes no representations, except as set forth in paragraph 5.4(a) above, as to the Official Statement, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 In addition to the representations and warranties made in Section 5 herein, the Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partnership duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation, distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statement and the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) As of the date hereof and the Closing Date, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) As of the date hereof and the Closing Date, the execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) As of the date hereof and the Closing Date, there is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the actual knowledge of the Borrower, threatened against or affecting the Borrower or any general partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or

affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Official Statement, the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statement, the Official Statement and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) As of the Closing Date, all permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statement, the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not, to the knowledge of the Borrower, in conflict with any zoning or similar ordinance applicable to the Project. To the knowledge of the Borrower, the Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any “related person” to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Land Use Restriction Agreement.

(n) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this Section 7 will survive the Closing.

7.3 Any certificate signed by any officer of the General Partners of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not knowingly take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact

necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 9. Covenants of the Borrower.

The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable judgment of the Underwriter, requires the Official Statement to be amended or supplemented or has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the reasonable professional opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances under which they were made, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter, which shall not be unreasonably withheld, conditioned or delayed.

(d) Prior to the Closing, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Financing Documents.

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement or the Official Statement and will not take or omit to take any action which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee on the Closing Date for deposit into the Costs of Issuance Fund as set forth in the Indenture to pay costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied in all material respects with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter.

(e) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

(f) The Issuer shall have received the executed Issue Price Certificate of the Underwriter, substantially in the form attached to this Purchase Contract as Exhibit E.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Bond Counsel, dated the Closing Date, relating to the validity of the Bonds and the tax-exempt status of the Bonds, substantially in the form attached to the Official Statement as Appendix H, and a letter of such counsel, addressed to the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Underwriter and the Issuer, to the effect that such

opinion may be relied upon, together with a supplemental opinion of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the form attached hereto as Exhibit B.

(b) Opinions of counsels to the Borrower, each dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Freddie Mac, Bond Counsel and the Issuer and in substantially the forms attached hereto as Exhibit C.

(c) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(e) Evidence that a public hearing has been duly held and the issuance of the Bonds has been duly approved as required by the Code.

(f) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(g) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that:

(i) Each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects;

(ii) The Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing;

(iii) Since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in the Borrower's operations, financial or otherwise;

(iv) The information contained in the Preliminary Official Statement and the Official Statement under the captions "PRIVATE PARTICIPANTS," "THE PROJECT," "PLAN OF FINANCING," "CONTINUING DISCLOSURE" and "ABSENCE OF LITIGATION—The Borrower" is true and correct and does not contain any untrue

statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(v) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any of its affiliates, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by the Financing Agreement or the operation and management of the Project, or that might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower or that affects the information in the Preliminary Official Statement and the Official Statement; and

(vi) Such other matters as the Underwriter may reasonably request.

(h) A certificate of the Borrower dated the Closing Date and signed by its authorized representative, in form and substance satisfactory to the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(i) A certificate of the Trustee, dated the Closing Date and signed by an authorized officer of the Trustee, in form and substance satisfactory to the Underwriter.

(j) The Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(k) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its partners (if applicable) authorizing the execution and delivery of the Borrower Documents.

(l) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Issuer, Bond Counsel and the Underwriter.

(m) Delivery to the Trustee of (i) the Credit Enhancement Instrument to be executed by Freddie Mac in connection with the issuance and sale of the Bonds and (ii) an opinion of Freddie Mac substantially in the form attached hereto as Exhibit F.

(n) The closing certificate of Freddie Mac, substantially in the form attached hereto as Exhibit G, duly executed by Freddie Mac.

(o) Written evidence satisfactory to the Underwriter that Moody's Investors Service, Inc. (the "Rating Agency") has issued a rating of "Aaa" for the Bonds and such rating shall be in effect on the Closing Date.

(p) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, the Issuer or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all

agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 hereof have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section 10, no party will have any rights or obligations to any other, except as provided in Section 13 hereof.

Section 11. Actions and Events at the Closing.

The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A hereto.

Section 12. Termination of Agreement.

The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of the Congress of the United States by a committee of such house to which such legislation has been referred for consideration, or a decision is rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice or official statement is issued or made: (i) by or on behalf of the President, the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange any other national securities exchange, or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for

such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis, or escalation of such calamity or crisis (including escalation of the current COVID-19 pandemic), the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds (it being agreed by the parties hereto that there is no such escalation of hostilities or other crises of such a nature as of the date hereof);

(c) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue any statement of a material fact in the Official Statement, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (ii) causes the Official Statement to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of the Underwriter, which in the reasonable judgment of the underwriter materially adversely affects the marketing of the Bonds;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the issuance, offering or sale of the Bonds or any arrangements underlying the Bonds, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency; or

(g) A material disruption in commercial banking, securities settlement, payment, or clearance services shall have occurred.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of \$_____ plus \$_____ for certain fees and expenses (the "Underwriter's Fee"), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Underwriter's Fee shall not include the fee of the Underwriter's counsel. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Underwriter's Fee set forth in this Section 13.1, and inclusive in the expense component of the Underwriter's Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower's employees and representatives, if any.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's and the Issuer's obligations hereunder and without duplication for costs and expenses set forth in Section 13.1 hereof, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statement and the Official Statement, as either may be supplemented or amended, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, counsel to the Issuer, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey to be used in connection with such sale; (viii) the fees and expenses of the experts retained by the Borrower with respect to the acquisition, rehabilitation and financing of the Project; (ix) the fees of the Rating Agency in connection with the rating of the Bonds; (x) normal travel costs, including reasonable transportation and lodging; (xi) ordinary and reasonable meals hosted by the Underwriter that are directly related to the offering contemplated by this Purchase Contract; and (xii) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds. Notwithstanding anything to the contrary, in the event the transaction contemplated hereby does not close, the Borrower shall pay all fees and expenses incurred in connection with the transaction.

13.3 The Underwriter will pay all expenses (other than those described in Section 13.2) incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.4 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.5 In addition to the provisions set forth in Section 14 hereto, the Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated by the Underwriter for a reason permitted by this Purchase Contract.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter, and each of their officers, directors, employees, agents, officials, members, commissioners, board members and each person who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Issuer (each referred to individually as an "Issuer Indemnified Party" and collectively as the "Issuer Indemnified Parties") and the Underwriter (each referred to individually as an "Underwriter Indemnified Party" and collectively as the "Underwriter Indemnified Parties," and together with the Issuer Indemnified Parties, the "Indemnified Party" individually or "Indemnified Parties" collectively) against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) (a) in the case of the Issuer Indemnified Parties, the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, and (b) in the case of the Underwriter Indemnified Parties the breach by the Borrower of any representation, warranty or covenant of the Borrower contained herein or in any of the other Financing Documents, or (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statement (as of its date) or the Official Statement

under the captions “PRIVATE PARTICIPANTS,” “THE PROJECT,” “PLAN OF FINANCING,” “CONTINUING DISCLOSURE” and “ABSENCE OF LITIGATION – The Borrower” or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement under the captions “PRIVATE PARTICIPANTS,” “THE PROJECT,” “PLAN OF FINANCING,” “CONTINUING DISCLOSURE” and “ABSENCE OF LITIGATION – The Borrower” a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification, in that the Borrower shall not be required to indemnify an Indemnified Party more than once with respect to a specific indemnification obligation arising as the result of a specific event. Notwithstanding the foregoing, the Borrower shall not be required to indemnify any Underwriter Indemnified Party for the gross negligence or willful misconduct of an Underwriter Indemnified Party. The Borrower will not be required to reimburse any Issuer Indemnified Party for an Issuer Indemnified Party’s willful misconduct, bad faith or fraud.

14.2 The indemnity agreements in paragraph 14.1 of this Section 14 shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall extend on the same terms and conditions to each member, principal, official, officer, commissioner, board member, attorney or employee of the Borrower and to each person, if any, who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a “separate defense”), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney’s fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or

association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by an Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable if the indemnity provided for in paragraph 14.1 or 14.2 is unavailable or inapplicable due to the gross negligence or willful misconduct of any Indemnified Party. No person guilty of fraudulent misrepresentation (within Section 10(b) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

14.9 Notwithstanding anything to the contrary in this Purchase Contract, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for fees and expenses of such counsel.

Section 15. Limitation of Liability.

Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent, commissioner, board members or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter: Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, CO 80202
Attention: Brad Edgar

If to the Issuer: Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92121
Attention: Vice President of Multifamily Housing
Finance

with a copy to: Office of the San Diego City Attorney
1200 Third Avenue, Suite 1620
San Diego, CA 92101
Attention: Marguerite Middaugh

If to the Borrower: Sea Breeze Gardens Preservation LP
c/o Lincoln Avenue Capital
401 Wilshire Boulevard, 11th Floor
Santa Monica, CA 90401
Attention: Hanna Jamar and Russell Condas
Email: hanna@lincolnavcap.com and
rcondas@lincolnavcap.com
Telephone: (424) 222-8253

with a copy to: PacH Sea Breeze Holdings, LLC
c/o Pacific Housing, Inc.
2115 J Street, Suite 201
Sacramento, CA 95816
Attention: Mat Eland
Email: meland@pacifichousing.org
Telephone: (916) 638-5200

with a copy to: Levitt & Boccio, LLP
423 West 55th Street, 8th Floor
New York, NY 10019
Attention: Eleor Cohen
Email: ecohen@levittboccio.com
Telephone: (347) 886-4118

with a copy to: Cox Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, CA 94111
Attention: Ofer Elitzur
Email: oelitzur@coxcastle.com
Telephone: (415) 262-5165

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms “successor” and “assigns” will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

Section 18. Prohibition on Boycotts.

By entering into this Purchase Contract, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Purchase Contract will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

[Remainder of page intentionally left blank]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____

Brad Edgar
Managing Director

[Signatures continue on following page]

[Issuer's signature page to Purchase Contract]

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Name:
Title:

[Signatures continue on following page]

[Borrower's signature page to Purchase Contract]

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas
Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Mark A. Wiese
President

EXHIBIT A

TERMS OF BONDS

**MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

Maturity Date (____ 1)	Principal Amounts	Interest Rates	Price
	\$	%	%

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

June __, 2024

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Executive Director

Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, CO 80202

SUPPLEMENTAL OPINION:

\$75,000,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

Ladies and Gentlemen:

We have acted as Bond Counsel to the Housing Authority of the City of San Diego (the “Issuer”) in connection with the issuance and sale of the above-captioned Bonds (the “Bonds”), pursuant to an Indenture of Trust (the “Indenture”) dated as of June 1, 2024, between the Issuer and U.S. Bank Trust Company, National Association, as trustee. This opinion letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to the Underwriter addressee.

This opinion is being rendered to you pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”), dated June __, 2024, between the Issuer, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), Sea Breeze Gardens Preservation LP (the “Borrower”), relating to the sale by the Issuer of the Bonds.

Regarding questions of fact material to our opinion, we have relied upon certifications and representations of the Issuer contained in the Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, and in other documents and certified proceedings relating to the Bonds; and upon other certifications and representations of public officials, the Underwriter and the Borrower, furnished to us, without undertaking to verify the same by independent investigation. We have also assumed the correctness of the legal conclusions contained in the opinions of counsel to the Trustee and the Borrower, without undertaking to verify the same by independent investigation. We have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated June __, 2024 (the “Official Statement”). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions “THE BONDS,” “SECURITY FOR THE BONDS,” “TAX MATTERS,” “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT,” “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT” and “APPENDIX H—FORM OF OPINION OF BOND COUNSEL,” insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement, and certain aspects of our firm’s opinion relating to the federal and the State of California tax implications of certain aspects of the Bonds present an accurate summary of such matters.

3. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

This letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to any other addressee hereof. This letter is furnished by us solely for your benefit and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other persons without our prior written approval. This letter is not intended to be relied upon by the holders of the Bonds.

Respectfully submitted,

A Professional Law Corporation

EXHIBIT C

FORMS OF OPINIONS OF COUNSELS TO THE BORROWER

[Form of Opinion of Levitt & Boccio, LLP:]

[Form of Opinion of Cox, Castle & Nicolson LLP:]

EXHIBIT D

FORM OF BORROWER’S RULE 15c2-12 CERTIFICATE

\$75,000,000

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) that the undersigned is authorized to execute and deliver this certificate on behalf of Sea Breeze Gardens Preservation LP, a California limited partnership (the “Borrower”), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the issuance and sale of the above captioned securities (the “Bonds”).

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated June __, 2024, relating to the Bonds (the “Preliminary Official Statement”) setting forth information concerning the Bonds and the Borrower.

(c) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions. Notwithstanding anything to the contrary set forth herein, the foregoing certification shall be strictly limited to compliance with Rule 15c2-12, and shall not be read to increase or expand the Borrower’s representations, warranties or indemnities set forth in the Bond Purchase Agreement.

(e) The section of the Preliminary Official Statement entitled “CONTINUING DISCLOSURE” describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of June 1, 2024, executed by the Borrower and U.S. Bank Trust Company, National Association, as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: June __, 2024

[Remainder of page intentionally left blank]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas
Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Mark A. Wiese
President

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

\$75,000,000

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated _____, 2024 among the Underwriter, Sea Breeze Gardens Preservation LP, a California limited partnership (the “Borrower”), and Housing Authority of the City of San Diego (the “Issuer”).

2. Defined Terms.

(a) “*Issuer*” means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “*Underwriter*” means (i) Stifel, Nicolaus & Company, Incorporated, (ii) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Certificate as to Arbitrage of the Borrower and the Issuer and the Certificate Regarding Use of Proceeds of the Borrower, each dated the Closing Date and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the

preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: June __, 2024

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Brad Edgar
Managing Director

[Signatures continue on next page]

[Underwriter's signature page to Issue Price Certificate]

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Z. Jason Barnett
Managing Director

EXHIBIT F

FORM OF OPINION OF GENERAL COUNSEL TO FREDDIE MAC

[FORTHCOMING]

EXHIBIT G
CLOSING CERTIFICATE OF FREDDIE MAC
[FORTHCOMING]

TRUST INDENTURE

between

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

and

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

Relating to

\$75,000,000

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

Dated as of [June] 1, 2024

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TRUST INDENTURE

THIS TRUST INDENTURE (this “**Indenture**”), is made and entered into as of [June] 1, 2024, by and between the **Housing Authority of the City of San Diego** (the “**Issuer**”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “**State**”), and **U.S. Bank Trust Company, National Association**, a national banking association, organized and operating under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, having a corporate trust office in Los Angeles, California, as trustee (the “**Trustee**”). Capitalized terms are defined in Section 1.01 of this Indenture.

RECITALS

A. Pursuant to the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “**Act**”) and this Indenture, the Issuer has determined to issue its Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**Bonds**”) in the original aggregate principal amount of \$75,000,000 to provide for the financing of a multifamily rental housing development located at 4802-4890 Logan Avenue in the City of San Diego, California, known as “Sea Breeze Gardens” (the “**Project**”).

B. Pursuant to a Financing Agreement dated as of the date hereof (the “**Financing Agreement**”) among the Issuer, Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California (the “**Borrower**”), and the Trustee, the Issuer has agreed to use the proceeds derived from the sale of Bonds to make a mortgage loan in the principal amount of \$75,000,000 (the “**Bond Mortgage Loan**”) to the Borrower in connection with the Project.

C. The Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance the acquisition and rehabilitation of the Project and to pay certain costs of issuance of the Bonds.

D. The Borrower’s repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated [____], 2024 (together with all riders and addenda thereto, the “**Bond Mortgage Note**”) delivered to the Issuer, which Bond Mortgage Note will be endorsed by the Issuer to the Trustee.

E. The Borrower will cause to be delivered to the Trustee on the date of initial issuance of the Bonds (the “**Delivery Date**”) a direct pay Credit Enhancement Agreement dated as of the date hereof (the “**Credit Enhancement Agreement**”) between the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) and the Trustee which will provide for draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan.

F. Berkadia Commercial Mortgage LLC (the “**Servicer**”) will act as initial servicer for the Bond Mortgage Loan.

G. The Borrower’s reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement will be evidenced by a Reimbursement and Security

Agreement dated as of the date hereof (the “**Reimbursement Agreement**”) between the Borrower and Freddie Mac.

H. To secure the Borrower’s obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Issuer a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof (the “**Bond Mortgage**”) with respect to the Project, which Bond Mortgage will be assigned to the Trustee.

I. To secure the Borrower’s reimbursement obligations under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof (the “**Reimbursement Mortgage**”) with respect to the Project.

J. The Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of the date hereof (the “**Intercreditor Agreement**”) in connection with Freddie Mac’s delivery of the Credit Enhancement Agreement.

K. The Issuer has determined that all things necessary to make the Bonds, when executed by the Issuer and authenticated by the Trustee and issued in accordance with this Indenture, the valid, binding and legal obligations of the Issuer and to constitute this Indenture a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, and interest on, the Bonds, have been duly taken, and the creation, execution and delivery of this Indenture and the execution and delivery of the Bonds, subject to the terms of this Indenture, have been duly authorized by the Issuer.

L. The Trustee has trust powers and the power and authority to enter into this Indenture, to accept trusts generally and to accept and execute the trust created by this Indenture; the Trustee has accepted the trust so created and, to evidence such acceptance, has joined in the execution of this Indenture.

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, the payment to Freddie Mac of the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee (as such terms are hereinafter defined) in accordance with the provisions hereof and of the Credit Enhancement Agreement and the Reimbursement Agreement, or the payment of amounts due and owing to any other Credit Facility Provider following termination of the Credit Enhancement Agreement, and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Trustee, and its successors in trust and its and their assigns in and to the following (said property being herein referred to as the “**Trust Estate**”), to wit:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in and to all Revenues.

GRANTING CLAUSE SECOND

All right, title and interest of the Issuer in and to the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage (other than the Unassigned Rights) and the Credit Facility, including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards subject to the interest of the Credit Facility Provider under the Reimbursement Agreement and the Intercreditor Agreement), whether payable under the above-referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents.

GRANTING CLAUSE THIRD

Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund, the Borrower Equity Account, the Credit Facility Reimbursement Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the other Bonds, except as set forth in this Indenture, and for the benefit, security and protection of the Credit Facility Provider to the extent of its interests hereunder and under the Reimbursement Agreement and the Intercreditor Agreement;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner provided in Article IX hereof and shall discharge or cause to be discharged any and all obligations to the Credit Facility Provider hereunder and under the Reimbursement Agreement, and if the Issuer shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, terminate and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09, 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Issuer the estate hereby conveyed, and assign and deliver to

the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except for the Rebate Fund and cash held by the Trustee for the payment of interest on and principal of the Bonds or for payment of amounts payable to the Credit Facility Provider; otherwise this Indenture to be and remain in full force and effect and upon the trusts and subject to the covenants and conditions hereinafter set forth.

AND IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto, that the terms and provisions upon which the Bonds are to be issued, executed, authenticated, delivered and secured, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trusts and conditions the Trustee hereby accepts and agrees to discharge, are as follows (except that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Issuer or the State, but shall be payable solely from the revenues and funds pledged for its payment in accordance with this Indenture):

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The terms used in this Indenture (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified below:

“*Act*” means Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California.

“*Administration Fund*” means the Administration Fund established by the Trustee pursuant to Section 4.01 hereof.

“*AGP*” means Sea Breeze Gardens Preservation GP LLC, and its permitted successors and assigns.

“*Authorized Denomination*” means \$5,000 principal amount or any integral multiple thereof within a maturity.

“*Authorized Officer*” means (a) when used with respect to the Issuer, any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf, (b) when used with respect to the Borrower, both of Russell Condas and Mark A. Weise of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Trustee, any authorized signatory of the Trustee, or any Person who is authorized in writing to take the action in question on behalf of the Trustee, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Credit Facility Provider, any Person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

“*Bankruptcy Code*” means Title 11 of the United States Code entitled “Bankruptcy,” as now and hereafter in effect, or any successor federal statute.

“*Bond Counsel*” means (a) Jones Hall, A Professional Law Corporation, or (b) any other firm of attorneys selected by the Issuer that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to the Credit Facility Provider.

“*Bond Fee Component*” means the regular, ongoing fees due from time to time to the Issuer, the Trustee, the Dissemination Agent, the Custodian and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the principal amount of Outstanding Bonds (including Purchased Bonds) on an annual basis.

“*Bond Financing Documents*” means, collectively, this Indenture, the Bonds, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, the Continuing Disclosure Agreement and any Bond Mortgage Loan Documents not otherwise included in the foregoing list of documents.

“*Bond Fund*” means the Bond Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Bond Mortgage*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the Issuer to secure the repayment of the Bond Mortgage Loan which Bond Mortgage has been assigned by the Issuer to the Trustee as the same may be amended, supplemented or restated.

“*Bond Mortgage Loan*” means the loan made by the Issuer to the Borrower in the original principal amount of \$75,000,000 pursuant to the Financing Agreement.

“*Bond Mortgage Loan Documents*” means the Bond Mortgage, the Bond Mortgage Note, the Financing Agreement, the Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Rehabilitation Escrow Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower’s obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

“*Bond Mortgage Loan Fund*” means the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

“*Bond Mortgage Note*” means the Bond Mortgage Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the Bond Mortgage Loan, as the same may be amended, supplemented or restated from time to time, which Bond Mortgage Note will be delivered to the Issuer and endorsed by the Issuer to the Trustee.

“*Bond Register*” means the books or other records maintained by the Bond Registrar setting forth the registered Holders from time to time of the Bonds.

“*Bond Registrar*” means the Trustee acting as such, and any other bond registrar appointed pursuant to this Indenture.

“*Bond Resolution*” means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

“*Bond Year*” means, with respect to an issue of Bonds, each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Bond Years may be short periods. If no day is selected by Borrower before the earlier of the final maturity of an issue of Bonds or the date that is five years after the Delivery Date of such issue of Bonds, each Bond Year ends on each anniversary of the Delivery Date for such issue of Bonds and on the final maturity of such issue of Bonds.

“*Bondholder*” or “*Holder*” or “*Owner*” means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

“*Bonds*” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E issued pursuant to the provisions of this Indenture.

“*Borrower*” means Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California, or any of its permitted successors or assigns, as owner of the Project.

“*Borrower Equity Account*” means the Borrower Equity Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

“*Borrower Equity Deposit*” means \$[_____], which shall be comprised of sources other than the proceeds of the Bonds.

“*Business Day*” means (1) any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider’s fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Credit Facility Provider is closed, or (2) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee or the Credit Facility Provider is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

“*Certificate of the Issuer*” and “*Request of the Issuer*” mean, respectively, a written certificate or request signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

“Commitment” means the commitment from Freddie Mac to the Servicer pursuant to which Freddie Mac has agreed to provide credit enhancement for the Bond Mortgage Loan, as the same may be amended, modified or supplemented from time to time.

“Continuing Disclosure Agreement” means an agreement to be entered into by the Borrower and the Dissemination Agent, as such Continuing Disclosure Agreement may from time to time be amended or supplemented.

“Cost,” “Costs” or “Costs of the Project” means costs paid with respect to the Project that (i) are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of 60 days prior to the date of a resolution of the Issuer to reimburse costs of the Project with proceeds of Bonds or the date of issue of the Bonds, and (iv) if the Costs of the Project 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 United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an Affiliate (whether as a developer, a general contractor or a subcontractor), “Cost,” “Costs” or “Costs of the Project” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliate (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition, rehabilitation or development of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof).

“Cost of Issuance Fund” means the Cost of Issuance Fund established by the Trustee pursuant to Section 4.01 hereof.

“Costs of Issuance” means (i) the fees (excluding ongoing fees), costs and expenses of (a) the Issuer, the Issuer’s counsel and the Issuer’s financial advisor, (b) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter’s counsel, (c)

Bond Counsel, (d) the Trustee and the Trustee's counsel, (e) the Servicer and the Servicer's counsel, (f) the Credit Facility Provider and the Credit Facility Provider's counsel, (g) Borrower's counsel attributable to the issuance of the Bonds and the Borrower's financial advisor, if any, and (h) the Rating Agency, (ii) costs of printing the offering documents relating to the sale of the Bonds and (iii) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

"Costs of Issuance Deposit" means the deposit to be made by the Borrower with the Trustee on the Delivery Date, which deposit shall equal \$[] and shall be comprised of sources other than the proceeds of the Bonds.

"Credit Enhancement Agreement" means the Credit Enhancement Agreement dated as of the date hereof between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

"Credit Facility" means the Credit Enhancement Agreement.

"Credit Facility Account" means the Credit Facility Account of the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

"Credit Facility Interest Reimbursement Account" means the Credit Facility Interest Reimbursement Account of the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to Section 4.01 hereof.

"Credit Facility Principal Reimbursement Account" means the Credit Facility Principal Reimbursement Account of the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to Section 4.01 hereof.

"Credit Facility Provider" means Freddie Mac, or its successors or assigns.

"Credit Facility Reimbursement Fund" means the Credit Facility Reimbursement Fund established by the Trustee, for the benefit of Freddie Mac, pursuant to Section 4.01 hereof.

"Custodial Escrow Account" means, collectively, the account or accounts established and held by the Servicer, in accordance with the Guide or otherwise, for the purpose of funding (a) escrows for taxes, insurance and related payments and costs, if required by the Credit Facility Provider, (b) a reserve for replacements for the Project, if required by the Credit Facility Provider, and (c) a debt service reserve for the Bond Mortgage Loan, if required by the Credit Facility Provider.

"Custodial Escrow Agreement" means any agreement (which agreement may be the Guide or the Commitment as applicable) pursuant to which a Custodial Escrow Account is established and maintained.

"Custodian" means U.S. Bank Trust Company, National Association, not in its individual capacity but solely in its capacity as collateral agent for the Credit Facility Provider under the Pledge Agreement, and any successor in such capacity.

“*Delivery Date*” means [_____], 2024, the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

“*Dissemination Agent*” means initially [_____], or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

“*Dissemination Agent’s Fee*” means the annual or semi-annual fees to the Dissemination Agent as compensation for the Dissemination Agent’s services under the Continuing Disclosure Agreement, which fee(s) shall not exceed \$[_____] during any twelve-month period.

“*DTC*” means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to Section 2.12 hereof or its successors.

“*Electronic Notice*” means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.05 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.05 hereof.

“*Eligible Funds*” means (a) proceeds received pursuant to the Credit Facility, (b) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds (including any Bond proceeds deposited to the Project Account of the Bond Mortgage Loan Fund on the Delivery Date), (c) proceeds from the investment or reinvestment of money described in clauses (a) and (b) above, or (d) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code (i) payment of such money to holders of the Bonds would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (ii) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

“*Event of Default*” or “*event of default*” means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

“*Extraordinary Services*” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee, including in its capacity as Paying Agent and Bond Registrar, in respect of or to prevent default under this Indenture or the Bond Mortgage Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in this Indenture or the Bond Mortgage Loan Documents.

“*Extraordinary Servicing Fees and Expenses*” means all fees and expenses of the Servicer under the Guide during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

“*Extraordinary Trustee’s Fees and Expenses*” means all those fees, expenses and disbursements earned or incurred by the Trustee as described under Section 7.06 hereof during

any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower and the Credit Facility Provider.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“Financing Agreement” means the Financing Agreement dated as of the date hereof among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“Freddie Mac Credit Enhancement Fee” shall have the meaning given to that term in the Reimbursement Agreement.

“Freddie Mac Credit Enhancement Payment” shall have the meaning given to that term in the Credit Enhancement Agreement.

“Freddie Mac Reimbursement Amount” shall have the meaning given to that term in the Reimbursement Agreement.

“General Account” means the General Account of the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

“Government Obligations” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” herein.

“Guaranteed Payment” shall have the meaning given to that term in the Credit Enhancement Agreement.

“Guide” means the Freddie Mac Multifamily Seller/Service Guide, as the same may be amended, modified or supplemented from time to time.

“*Indenture*” means this Trust Indenture, as the same may have been from time to time amended or modified, together with any other indentures supplemental hereto.

“*Information Service*” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“*Intercreditor Agreement*” means the Intercreditor Agreement dated as of the date hereof among the Issuer, the Trustee and Freddie Mac, as the same may be amended or supplemented.

“*Interest Payment Date*” means (i) [June] 1 and [December] 1 of each year, commencing [December 1, 2024], (ii) for Bonds subject to redemption but only with respect to such Bonds, the date of redemption (or purchase in lieu of redemption), and (iii) the Maturity Date.

“*Investment Income*” means the earnings and profits derived from the investment of money pursuant to Section 4.08 hereof.

“*Issuer*” means Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State.

“*Issuer Fee*” has the meaning given to the term “Authority Fee” in the Regulatory Agreement.

“*Market Risk Event*” means (a) legislation enacted by the Congress, (b) a final non-appealable decision rendered by a court established under Article III of the Constitution of the United States of America, or the United States Tax Court, or (c) an order, ruling or regulation issued by the United States Department of the Treasury or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing interest received by any Bondholder (other than a Bondholder who is a “substantial user” of the Project or a “related person” of a substantial user (each within the meaning of Section 147(a) of the Code)) to be included in the gross income of such Bondholder for purposes of federal income taxation.

“*Maturity Date*” means the maturity date of the Bonds set forth in Section 2.01(c) hereof.

“*Moody’s*” means Moody’s Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*Net Proceeds*” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“*Official Statement*” means the Official Statement dated [_____] relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

“*Ordinary Servicing Fees and Expenses*” means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan under the Guide, payable monthly in arrears as provided in the Reimbursement Agreement.

“*Ordinary Trustee’s Fees and Expenses*” means the annual administration fee for the Trustee’s ordinary fees and expenses in rendering its services under this Indenture during each twelve-month period, which fee is equal to (and shall not exceed) \$[_____] and shall be payable [semi-]annually [in arrears on] [in advance on the Delivery Date and] each [_____] and] [_____] [commencing [_____]][thereafter].

“*Outstanding*” when used with respect to the Bonds or “Bonds Outstanding” means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under this Indenture, except:

(i) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(ii) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of Section 9.01 hereof; provided that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(iii) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under Section 2.07 hereof; and also except that

(iv) For the purpose of determining whether the holders of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or pursuant to this Indenture, Bonds known to the Trustee to be owned by or for the account of the Borrower or any Person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not Outstanding, unless all Bonds shall be so owned, and provided that the Trustee has knowledge of the foregoing; provided, further, that all Purchased Bonds shall be deemed to be Outstanding, and the Trustee shall follow any direction provided by the Credit Facility Provider with respect to Purchased Bonds for the purposes hereof (Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish, to the satisfaction of the Trustee, the pledgee’s right to vote such Bonds, and in the event of a dispute as to the existence of such right, any decision by the Trustee taken upon the advice of counsel shall constitute full protection to the Trustee). The term “control” (including the terms “controlling”, “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through

the ownership of voting securities, by contract, or otherwise. Beneficial ownership of 5% or more of a class of securities having general voting power to elect a majority of the board of directors of a corporation shall be conclusive evidence of control of such corporation.

“Paying Agent” means the Trustee acting as such, or any other paying agent appointed pursuant to this Indenture.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“Pledge Agreement” means that certain Pledge, Security and Custody Agreement dated as of the date hereof by and among Freddie Mac, the Custodian and the Borrower, as originally executed or as modified or amended from time to time.

“Principal Office of the Credit Facility Provider” means the office of Freddie Mac located at 8100 Jones Branch Drive, McLean, Virginia 22102, or such other office or offices as Freddie Mac may designate in writing from time to time.

“Principal Office of the Trustee” means the office of the Trustee referenced in Section 11.05(a) hereof, or such other office or offices as the Trustee may designate in writing from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Sea Breeze Gardens located at 4802-4890 Logan Avenue in the City of San Diego, California, including the real estate described in the Bond Mortgage.

“Project Account” means the Project Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

“Purchase Price” means, with respect to any Bond to be purchased pursuant to Section 3.06 hereof, the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the Settlement Date.

“Purchased Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of the AGP pursuant to Section 3.06 hereof with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is (a) transferred pursuant to and in accordance with Section 3.06 hereof or (b) redeemed or otherwise cancelled.

“Purchased Bonds Account” means the Purchased Bonds Account of the Bond Fund established by the Trustee pursuant to Section 4.01 hereof.

“Qualified Investments” means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least “VMIG-1”/“A-1+” by Moody’s/S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by Moody’s or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody’s or S&P, and which are approved by the Credit Facility Provider; (g) shares or units in any money market mutual fund rated “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h)(i) tax-exempt obligations rated in the highest short term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Trustee or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Credit Facility Provider. For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG-1”/“A-1+” for obligations with less than one year maturity; at least “Aaa”/“VMIG-1”/“AAA”/“A-1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/“AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“Rating Agency” means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof.

“Rebate Analyst” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code,

selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under this Indenture and the Financing Agreement. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“*Rebate Fund*” means the Rebate Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Record Date*” means the 15th day of the month preceding the month in which any Interest Payment Date falls.

“*Redemption Fund*” means the Redemption Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of [June] 1, 2024 among the Issuer, the Trustee and the Borrower.

“*Rehabilitation Escrow Agreement*” means the Rehabilitation Escrow Agreement dated as of the date hereof by and between the Borrower and Freddie Mac, as the same shall be amended, modified or supplemented from time to time.

“*Reimbursement Agreement*” means the Reimbursement and Security Agreement dated as of the date hereof between the Borrower and Freddie Mac, as the same may be amended, supplemented or restated from time to time.

“*Reimbursement Mortgage*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, as the same may be amended, supplemented or restated from time to time.

“*Reimbursement Security Documents*” has the meaning given to that term in the Reimbursement Agreement.

“*Requisition*” means, with respect to the Bond Mortgage Loan Fund, the requisition in the form of *Exhibit E* to this Indenture required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Bond Mortgage Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of *Exhibit D* to this Indenture required to be submitted in connection with disbursements from the Cost of Issuance Fund.

“*Responsible Officer*” means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created hereunder.

“*Revenue Fund*” means the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Revenues*” means (a) all payments made with respect to the Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Security Documents), (b) payments made by the Credit Facility Provider pursuant to the Credit Facility and (c) all money and securities held by the Trustee in the funds and accounts established pursuant to this Indenture (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund, the Borrower Equity Account, the Credit Facility Reimbursement Fund and the Rebate Fund), together with all investment earnings thereon.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*Securities Depository*” means (a) The Depository Trust Company; or (b) any replacement registered securities depository which has been designated in a Certificate of the Issuer delivered to the Trustee and the Credit Facility Provider pursuant to Section 2.12 hereof.

“*Servicer*” means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Berkadia Commercial Mortgage LLC.

“*Settlement Date*” means any date on which any Bond is purchased or deemed purchased pursuant to Section 3.06 hereof.

“*State*” means the State of California.

“*Tax Certificate*” means, collectively, the Certificate as to Arbitrage of the Borrower and the Issuer and the Certificate Regarding Use of Proceeds, each dated the Delivery Date and executed and delivered by the Borrower.

“*Trustee*” means U.S. Bank Trust Company, National Association and its successors in trust hereunder.

“*Trust Estate*” shall have the meaning given to that term in the granting clauses of this Indenture.

“*Unassigned Rights*” means all of the rights of the Issuer and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants under the Bond Financing Documents to be held harmless and indemnified, to payment or reimbursement of its fees (including the Issuer Fee) and expenses, to inspect and audit the books, records and premises of the Borrower and of the Project, to collect attorney’s fees and related expenses, to give or withhold consent to amendments, changes, modifications and alterations, to give or receive notices, to enforce such rights and to enforce the Borrower’s covenants to comply with applicable federal tax law and State law (including the Act and the rules and policies of the

Issuer) and, to the extent not included above, the rights specifically reserved by the Issuer under this Indenture and the Regulatory Agreement.

Section 1.02 Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections and other subdivisions of this Indenture as originally executed. The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

THE BONDS

Section 2.01 The Bonds.

(a) The Bonds are authorized to be issued hereunder as revenue bonds of the Issuer in accordance with the Bond Resolution. The Bonds shall initially be designated “**Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E.**” The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. Bonds issued on the Delivery Date shall be dated such date; Bonds issued after the Delivery Date shall be dated the date they are authenticated by the Trustee. The Bonds shall be due and payable in full on the Maturity Date.

(b) Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date, in each case from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bond, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Delivery Date, until payment of the principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Interest Payment Date, such Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bonds shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Delivery Date.

(c) The Bonds shall be issued in Authorized Denominations and shall bear interest payable on each Interest Payment Date at the rate(s) per annum and shall mature, subject to

redemption prior to maturity as provided in Article III hereof, on the date(s) set forth in the schedule below:

[INSERT MATURITY SCHEDULE]

(d) The Person in whose name any Bond is registered on the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; provided, however, that if and to the extent the Issuer shall default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid as provided in the next paragraph.

(e) Any interest on any Bond that is due and payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called “**Defaulted Interest**”) shall forthwith cease to be payable to the person in whose name such Bond is registered on the relevant Record Date and shall be paid in the manner set forth in this paragraph. The Trustee may elect to make payment of any Defaulted Interest to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest (a “**Special Record Date**”), which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (a “**Special Interest Payment Date**”), shall fix a Special Record Date for the payment of such Defaulted Interest (which shall be not more than 15 nor less than 10 days prior to the Special Interest Payment Date) and shall cause notice of the Special Record Date and the proposed payment of such Defaulted Interest on the Special Interest Payment Date therefor to be mailed, first class, postage prepaid, to each Bondholder at such Bondholder’s address as it appears in the Bond Register not less than 10 days prior to such Special Record Date; notice of the proposed payment of such Defaulted Interest on the Special Interest Payment Date and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

(f) Payment of principal of, premium, if any, and interest on the Bonds shall be paid by check mailed on the Interest Payment Date to the registered Owner thereof at such registered Owner’s address as it appears on the Bond Register on the Record Date. Upon written request of a registered Owner of at least \$1,000,000 in principal amount of Bonds Outstanding received by the Trustee at least five (5) Business Days prior to a Record Date, all payments of principal, premium, if any, and interest on the Bonds, less any reasonable wire transfer fees imposed by the Trustee, shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such registered Owner.

(g) On or before the date fixed for redemption, money shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such money to the payment of, the Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date. CUSIP number identification with appropriate dollar amounts

for each CUSIP number must accompany all payments of principal, redemption price, premium, if any, and interest, whether by check or by wire transfer.

(h) No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, or in substitution for other Bonds pursuant to Section 2.07 hereof, is expressly limited to \$75,000,000.

Section 2.02 *Intentionally Omitted.*

Section 2.03 *Limited Obligations.* NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, ANY OF THE BONDS OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THIS INDENTURE CONTAINED, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER, OR MEMBER OR OFFICER 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 OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT AS SUCH IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF ANY OF THE BONDS.

THE BONDS ARE NOT AND NEVER SHALL BECOME GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY AND ONLY FROM THE REVENUES AND THE OTHER SECURITY PLEDGED HEREIN FOR SUCH PURPOSE, WHICH REVENUES, TOGETHER WITH ANY SUCH OTHER SECURITY PROVIDED HEREIN, ARE HEREBY SPECIFICALLY AND IRREVOCABLY GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, ALIENATED, ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED HEREIN. THE BONDS AND THE INTEREST THEREON DO NOT AND NEVER SHALL CONSTITUTE A DEBT OR AN INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE, OR A LOAN OF THE FAITH OR CREDIT OR THE TAXING POWER OF ANY OF THEM, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS, NOR SHALL THE BONDS BE CONSTRUED TO CREATE ANY MORAL OBLIGATION ON THE PART OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE WITH RESPECT TO THE PAYMENT OF THE BONDS. THE BONDS SHALL NOT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER, AND NEITHER THE ISSUER NOR THE STATE NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF WILL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THEREFOR.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Section 2.04 *Indenture Constitutes Contract.* In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be a contract between the Issuer and the Holders of the Bonds from time to time.

Section 2.05 *Form and Execution.* The Bonds shall be in substantially the form attached as *Exhibit A*, with necessary and appropriate variations, omissions and insertions as are customary, permitted or required by this Indenture. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of a Designated Officer of the Issuer (as defined in the Bond Resolution), and attested by the manual or facsimile signature of the Secretary or Deputy Secretary of the Issuer, sealed with an impression or a facsimile of the seal of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds. Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds.

In case any officer of the Issuer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

Section 2.06 *Authentication.* No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the form set forth in *Exhibit A*, shall have been duly executed by an Authorized Officer of the Trustee; and such executed certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been duly executed, registered, authenticated and delivered under this Indenture. It shall not be necessary that the same Person sign the certificate of authentication on all of the Bonds.

Section 2.07 *Mutilated, Lost, Stolen or Destroyed Bonds.* In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like denomination, interest rate, series, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such lost, stolen or destroyed Bond, upon payment by the Owner thereof of any applicable tax or governmental charge and the reasonable expenses and charges of the Issuer and the Trustee in

connection therewith, and in the case of a Bond lost, stolen or destroyed, the filing with the Trustee of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Issuer and the Trustee with indemnity satisfactory to each of them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Issuer may pay the same without surrender thereof.

Section 2.08 *Transfer and Exchange of Bonds; Persons Treated as Owners.* The Trustee as Bond Registrar shall cause a Bond Register to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the registered Owner or such registered Owner's duly authorized representative in such form as shall be satisfactory to the Bond Registrar and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver to the transferee a replacement fully registered Bond or Bonds, of Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may, in accordance with its terms, be exchanged, at the office of the Trustee, for a new fully registered Bond or Bonds, of the same maturity, of any Authorized Denomination or Denominations and for the aggregate amount of such Bond then Outstanding.

In all cases in which Bonds shall be transferred or exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Borrower.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered Owner thereof, or such registered Owner's legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Neither the Issuer nor the Trustee shall be required to make any such exchange, registration or transfer of Bonds during the period of fifteen (15) days immediately preceding an Interest Payment Date or, in the case of any proposed redemption of Bonds, during the period of fifteen (15) days immediately preceding the selection of Bonds for such redemption and after the giving of notice of redemption, the Trustee is not required to transfer or exchange any Bond or portion thereof which has been called for redemption.

Section 2.09 *Temporary Bonds.* Until definitive Bonds are ready for delivery, there may be executed, and upon the Request of the Issuer the Trustee shall authenticate and deliver, in lieu of definitive Bonds temporary printed, typewritten, engraved or lithographed Bonds, in such denomination or denominations as shall be determined by the Issuer, in fully registered form, in substantially the form hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it, at the Principal Office of the Trustee, of any temporary Bond shall cancel the same and authenticate and deliver in exchange therefor, without charge to the Owner thereof, a definitive Bond or Bonds, as the case may be, of an equal aggregate principal amount, of the same maturities and bearing interest at the same rates as the temporary Bond surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder. Interest on temporary Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon by the Trustee.

Section 2.10 *Delivery of Bonds.* Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or upon the order of the Issuer upon receipt by the Trustee of the following:

(a) executed counterparts of this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, the Intercreditor Agreement, the Continuing Disclosure Agreement, the Pledge Agreement, the Credit Enhancement Agreement, the Reimbursement Agreement and the Rehabilitation Escrow Agreement;

(b) an opinion of Bond Counsel or counsel to the Issuer to the effect that the Issuer is duly organized and existing under the laws of the State and has duly authorized, executed and delivered this Indenture, other loan documents to which it is a party and the Bonds and that the Bonds are entitled to the benefits of this Indenture and are valid and binding special, limited obligations of the Issuer enforceable in accordance with their terms subject to customary exceptions;

(c) sale proceeds of the Bonds, together with accrued interest thereon, if any;

(d) the Bond Mortgage Note;

(e) a copy of the Bond Mortgage and the Reimbursement Mortgage;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the agreements described herein to which it is a party, that its execution and delivery of and performance of its covenants in such agreements do not contravene law or any provision of any other agreement to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms;

(g) a customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that the interest on the Bonds, under laws in effect on the date

of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) a certified copy of the Bond Resolution;

(i) the written request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to the initial purchasers thereof upon payment to the Trustee, for the account of the Issuer, of the sum specified as the purchase price therefor in such request and authorization; and

(j) receipt by the Trustee of the amounts specified in Section 2.11 of this Indenture and Section 3.3 of the Financing Agreement.

Section 2.11 *Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee.*

(a) The Trustee shall establish, maintain and hold in trust and there is hereby established with the Trustee a Bond Mortgage Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Bond Mortgage Loan Fund except as expressly provided in this Section 2.11 and Section 4.02 hereof.

(b) The proceeds of the sale of the Bonds shall be delivered to the Trustee on the Delivery Date. The Trustee shall deposit such proceeds to the credit of the Project Account of the Bond Mortgage Loan Fund. Amounts in the Bond Mortgage Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.1 of the Financing Agreement. Upon the disbursement of all amounts in the Bond Mortgage Loan Fund, the Trustee shall close the Bond Mortgage Loan Fund.

(c) The Issuer shall cause the Borrower to deliver to the Trustee, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund established pursuant to Section 4.01 hereof and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account. The Trustee shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Bonds.

(d) Upon the deposit of money to the credit of the Bond Mortgage Loan Fund, the Issuer shall originate the Bond Mortgage Loan pursuant to the Financing Agreement and the Trustee shall make disbursements of amounts in the Bond Mortgage Loan Fund to the Borrower or otherwise as provided in Section 4.02 hereof[; provided that, prior to making any such disbursements, \$[] of proceeds of the Bonds shall be transferred by the Trustee to the Cost of Issuance Fund without need of a Requisition therefor].

Section 2.12 *Book-Entry Only System of Registration.*

(a) Notwithstanding the foregoing provisions of this Article II, each of the Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in paragraph (f) below, all of the Bonds shall be

registered in the Bond Register in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No Person other than DTC or its nominee or any "FAST" agent for DTC shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register in connection with discontinuing the book entry system as provided in paragraph (f) below or otherwise.

(b) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to DTC or its nominee in same day funds on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Trustee with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any series or maturity, the Trustee shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(c) The Issuer and the Trustee may treat DTC or its nominee as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. Neither the Issuer nor the Trustee shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (1) the accuracy of any records maintained by DTC or any such participant; (2) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery to any participant or to any other Person, other than the Holders as shown on the Bond Register, of any notice which is permitted or required to be given to Holders under this Indenture; (4) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Holder.

(d) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders under this Indenture shall be given to DTC as provided in DTC's procedures, as the same may be amended from time to time.

(e) In connection with any notice or other communication to be provided to Holders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by Holders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Issuer or the Trustee may establish a special record date for such consent or other action. The Issuer or the Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (1) DTC determines to resign as Securities Depository for the Bonds; or (2) the Issuer determines (with the prior written consent of the Credit Facility Provider) to discontinue the system of book-entry transfers through DTC (or through a successor Securities Depository) subject to the rules and regulations of DTC regarding the discontinuation of the system of book-entry transfers in effect at such time. In either of such events (unless, in the case described in clause (2) above, the Issuer appoints a successor Securities Depository), the Bonds shall be delivered in registered certificate form to such Persons, and in such series, maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Trustee for the accuracy of such designation. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another Securities Depository to maintain custody of certificates evidencing the Bonds.

(g) The book-entry system for registration of the ownership of the Bonds shall be discontinued in the event that the Bonds are purchased in lieu of redemption pursuant to Section 3.06 hereof.

Section 2.13 *Recycling Transactions.* [Notwithstanding any provision of this Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct Bond Mortgage 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 Bonds, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the 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. In connection with such recycling and Bond Mortgage Note prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is authorized and directed by the Indenture to receive any such Bond Mortgage Note prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to such lender, custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is authorized and directed by the Indenture to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.]

ARTICLE III

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 3.01 *Redemption of Bonds Prior to Maturity.*

(a) **Optional Redemption.** The Bonds are not subject to optional redemption prior to [] 1, 20[]. On and after [] 1, 20[], the Bonds are subject to optional redemption from payments made under the Credit Facility (subject to the limitations set forth in subsection (iii) of this Section 3.01(a)) or with other Eligible Funds deposited with the Trustee,

(i) with the prior written consent of the Credit Facility Provider, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Section 4.4 of the Financing Agreement on any Business Day, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the redemption date.

(ii) [Intentionally Omitted].

(iii) Optional redemption of Bonds at a premium may only be made if the Trustee shall have received Eligible Funds (not consisting of funds drawn under the Credit Facility) on or prior to the redemption date in an amount sufficient to pay the applicable redemption premium.

(iv) The Trustee shall effect a redemption of Bonds pursuant to this Section 3.01(a) at the earliest practicable date for which notice may be given hereunder but in no event later than 35 days following its receipt of money representing an optional prepayment of the Bond Mortgage Loan.

(b) **Mandatory Redemption.** The Bonds are subject to mandatory redemption on any Business Day, in whole or in part as indicated below, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, at the earliest practicable date from payments made under the Credit Facility upon the occurrence of any of the following:

(i) in whole or in part, upon receipt by the Trustee of (1) proceeds of a draw under the Credit Facility, in the amount of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for the draw under the Credit Facility as a result of casualty or condemnation of the Project and (2) a written direction by the Credit Facility Provider to redeem such Bonds using money obtained as a result of a draw upon the Credit Facility; or

(ii) in whole or in part, upon receipt by the Trustee of amounts from the Credit Facility Provider pursuant to the Credit Facility as a result of the occurrence of an event of default (after expiration of any notice and cure periods) under any Bond Mortgage Loan Document and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds pursuant to the Credit Facility; or

- (iii) [Intentionally Omitted]; or
- (iv) [Intentionally Omitted]; or
- (v) in part, as provided in subsection (c) of this Section 3.01; or
- (vi) [Intentionally Omitted]; or
- (vii) [Intentionally Omitted]; or

(viii) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project, to the extent amounts remaining in the Project Account of the Bond Mortgage Loan Fund are transferred to the Redemption Fund pursuant to Section 4.02(e) hereof; or

(ix) in part, upon receipt by the Trustee of (1) a written direction by the Credit Facility Provider to redeem Bonds pursuant to the Credit Facility in the event the Borrower is required to make a Tax Abatement Prepayment (as defined in the Reimbursement Agreement) in accordance with the terms of the Reimbursement Agreement and the Reimbursement Security Instrument and (2) amounts from the Credit Facility Provider pursuant to the Credit Facility.

(c) **Mandatory Sinking Fund Redemption.** The Bonds are subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the table(s) below; provided that if less than all the Bonds shall have been redeemed pursuant to Section 3.01(a) or 3.01(b), the amount of Bonds to be redeemed in each year from sinking fund installments as provided in this Section 3.01(c) shall be decreased by an amount, in proportion, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Loan in such year as determined by the Trustee (in consultation with the Servicer):

[INSERT REDEMPTION DATES AND AMOUNTS]

Section 3.02 *Selection of Bonds for Redemption.*

(a) The Trustee shall select Bonds subject to mandatory sinking fund redemption pursuant to Section 3.01(c) hereof by lot within the appropriate maturity. If less than all the Bonds then Outstanding shall be called for redemption other than as a result of mandatory sinking fund redemption pursuant to Section 3.01(c) hereof, the Trustee shall redeem an amount of Bonds so that the resulting decrease in debt service on the Bonds in each semiannual period ending on an Interest Payment Date is proportional, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Note in each such semiannual period, as verified by the Servicer, and the Bonds shall be selected by lot within each maturity, the cost of such selection being at the Borrower's expense.

(b) Bonds shall be redeemed pursuant to this Article III only in Authorized Denominations.

Section 3.03 *Notice of Redemption.* Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, or by facsimile transmission, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than twenty (20) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

Notices of redemption shall state the redemption date and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption only if bonds cease to be book entry bonds; (ii) the CUSIP numbers of all Bonds being redeemed if available; (iii) the amount of each Bond being redeemed (in the case of a partial redemption); (iv) the date of issue of the Bond as originally issued; (v) the rate of interest borne by each Bond redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the possibility of a purchase of Bonds in lieu of redemption, if applicable; (viii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date of redemption, including, as provided in Section 3.01(a) hereof, that Eligible Funds are available to pay any redemption premium or the redemption price, as and if applicable, on the Bonds; and (ix) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each notice of redemption shall state that further interest on such Bonds will not accrue from and after the redemption date and that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee unless the Bonds are then held in a book-entry only system of registration.

Notice of such redemption shall also be sent by first class mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to the Credit Facility Provider, to the Servicer, to the Rating Agency, to all of the Securities Depositories and to the Information Service that disseminates securities redemption notices, when possible, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In addition to providing notice of redemption as set forth above, if the Bonds are no longer held in book-entry form, the Trustee shall send a second notice of redemption within sixty (60) days following the redemption date, by first class mail, overnight delivery service, or other secure means, postage prepaid to the registered Owners of any Bonds called for redemption, at their addresses appearing on the Bond Register as of the Record Date immediately preceding the redemption date, who have not surrendered their Bonds for redemption within thirty (30) days following the redemption date.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or to any depository or Information Service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as herein provided.

Section 3.04 Cancellation. All Bonds that have been redeemed shall be marked cancelled by the Trustee, and shall not be reissued. A counterpart of the certificate of cancellation evidencing such cancellation shall, upon request, be furnished by the Trustee to the Issuer.

Section 3.05 Effect of Notice of Redemption. If a conditional notice of redemption has been provided pursuant to the terms of this Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in this Article III and if either there were no conditions to such redemption or the conditions have been satisfied, and money for the redemption being held by the Trustee or Paying Agent for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

Section 3.06 Purchase of Bonds in Whole in Lieu of Redemption. Notwithstanding anything in this Indenture to the contrary, at any time the Bonds are subject to redemption in whole pursuant to the provisions of this Indenture, all (but not less than all) of the Bonds to be redeemed may be purchased by the Trustee (for the account of the AGP or the Credit Facility Provider or their respective designee, as directed by such party) on the date which would be the redemption date at the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider (which direction shall specify that such purchase is pursuant to this Section 3.06 and shall be given no later than 5:00 p.m., Washington, D.C. time on the Business Day immediately prior to such redemption date), at a purchase price equal to the redemption price which would have been applicable to such Bonds on the redemption date. The Bonds shall be purchased in lieu of redemption only from amounts provided by the Credit Facility Provider or from other Eligible Funds. In the event the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the holders of the Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Trustee shall be authorized to apply to such purpose the funds in the Redemption Fund which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Such Bonds so purchased for the account of the AGP shall for all purposes under this Indenture constitute Purchased Bonds held by the Custodian pursuant to the Pledge Agreement. The Credit Facility Provider shall have the right to direct the transfer of Purchased Bonds (without reinstatement of the Credit Facility which will result in such Bonds being unrated) to the Credit Facility Provider or any subsidiary of the Credit Facility Provider, or to a single Bondholder which has provided the Trustee with a purchaser's letter in the form attached to this Indenture as Exhibit C (and otherwise subject to the provisions of Section 2.12(g) hereof), provided that any transfer to the Credit Facility Provider, any subsidiary of the Credit Facility Provider, or a single Bondholder as described above shall require delivery of an opinion of Bond

Counsel to the Trustee to the effect that such transfer will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Such Purchased Bonds, if not transferred as provided herein, shall be deemed redeemed and cancelled automatically by the Trustee on the date which is not later than two (2) years from the date of purchase, unless an opinion of Bond Counsel is delivered to the Trustee to the effect that not redeeming and canceling such Purchased Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Any purchase of Bonds hereunder is not intended as an extinguishment of the debt represented by the Bonds.

Section 3.07 *Cancellation of Purchased Bonds.* Following any purchase of the Bonds in lieu of redemption and prior to any transfer of such Purchased Bonds pursuant to Section 3.06 hereof, the Credit Facility Provider may direct the cancellation of Purchased Bonds in whole or in part at any time. No further money shall be required to be paid by the Issuer or the Credit Facility Provider in connection with such cancellation; provided, however, that such cancellation shall not release the obligation of the Borrower to reimburse the Credit Facility Provider for payments made in respect of principal of, interest on or Purchase Price of the Bonds, including Purchased Bonds.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 *Pledge of Revenues and Assets; Establishment of Funds.* The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any Person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

In addition to the Bond Mortgage Loan Fund established pursuant to Section 2.11 hereof, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund, and within the Revenue Fund a General Account and a Credit Facility Account;
- (b) Bond Fund, and within the Bond Fund a Purchased Bonds Account;
- (c) Redemption Fund;
- (d) Administration Fund;
- (e) Cost of Issuance Fund;

(f) Credit Facility Reimbursement Fund, and within the Credit Facility Reimbursement Fund a Credit Facility Principal Reimbursement Account and a Credit Facility Interest Reimbursement Account; and

(g) Rebate Fund.

The funds and accounts established pursuant to this Section 4.01 shall be maintained in the corporate trust department of the Trustee as segregated trust accounts, separate and identifiable from all other funds held by the Trustee. The funds and accounts established hereunder shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of (i) the Holders of the Bonds, respecting the Revenue Fund, the Bond Fund and the Redemption Fund, (ii) the Credit Facility Provider, respecting the Credit Facility Reimbursement Fund, (iii) the Borrower, respecting the Administration Fund and the Cost of Issuance Fund, and (iv) the Issuer, respecting the Rebate Fund. The Trustee shall, at the written direction of an Authorized Officer of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Section 4.02 *Bond Mortgage Loan Fund.*

(a) Deposit. The Trustee shall deposit the proceeds of the sale of the Bonds into the Project Account of the Bond Mortgage Loan Fund as provided in Section 2.11(b) hereof. The Trustee shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Bond Mortgage Loan Fund, as well as any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein (excluding any proceeds of the Bonds), as provided in Section 2.11(c) hereof.

(b) Disbursements. Amounts on deposit in the Bond Mortgage Loan Fund shall be disbursed from time to time by the Trustee for the purpose of paying Costs of the Project. In addition, amounts in the Bond Mortgage Loan Fund shall be transferred to the Redemption Fund, the Rebate Fund and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02.

(c) Transfers and Requisitions. The Trustee shall make disbursements from the respective accounts of the Bond Mortgage Loan Fund for purposes described in subsection (b) of this Section 4.02 only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer (signifying the consent to the Requisition by the Servicer). The Trustee shall have no right or duty to determine whether any requested disbursement from the Bond Mortgage Loan Fund complies with the terms, conditions and provisions of the Rehabilitation Escrow Agreement. The countersignature of the Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence, that all of the terms,

conditions and requirements of the Rehabilitation Escrow Agreement applicable to such disbursement have been fully satisfied or waived. The Trustee shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower shall be required during any period in which a default has occurred and is then continuing under the Bond Mortgage Loan or any Reimbursement Security Document (notice of which default has been given in writing by the Credit Facility Provider or the Servicer to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer or (as permitted hereunder) solely by an Authorized Officer of the Servicer, is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Bond Mortgage Loan Fund, including all interest accrued therein, the Trustee shall close the Bond Mortgage Loan Fund.

(e) Immediately prior to any mandatory redemption of Bonds pursuant to Section 3.01(b)(ii) hereof, any amount then remaining in the Bond Mortgage Loan Fund shall, at the written direction of the Credit Facility Provider, be transferred to the Redemption Fund to be applied to reimburse the Credit Facility Provider for the related redemption of Bonds pursuant to Section 3.01(b)(ii). In addition, any amount remaining in the Project Account of the Bond Mortgage Loan Fund following final completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, evidenced by an instrument signed by the Credit Facility Provider, shall be transferred to the Redemption Fund and used to reimburse the Credit Facility Provider for the related redemption of Bonds in accordance with Section 3.01(b)(viii) hereof, unless the Trustee receives an opinion of Bond Counsel (which shall also be addressed to the Credit Facility Provider) to the effect that a use of such money for other than redemption of the Bonds will not adversely affect the tax exempt status of the Bonds; provided, that any amounts in the Project Account of the Bond Mortgage Loan Fund in excess of the amount needed to reimburse the Credit Facility Provider for the related redemption of the Bonds shall be transferred to the Rebate Fund. In the event there are funds remaining in the Borrower Equity Account following completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement and the Stabilization Requirements (as defined in the Rehabilitation Escrow Agreement) have been satisfied, evidenced by an instrument signed by the Credit Facility Provider, and provided no default by the Borrower exists under this Indenture or any Bond Mortgage Loan Document, such funds shall be paid by the Trustee to the Borrower at the written direction of the Credit Facility Provider.

(f) Amounts on deposit in the Bond Mortgage Loan Fund shall be invested as provided in Section 4.08 hereof. All Investment Income on amounts on deposit in the Bond Mortgage Loan Fund shall be retained in and credited to and become a part of the amounts on

deposit in the Bond Mortgage Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03 *Application of Revenues.*

(a) All Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the General Account of the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Delivery Date, which shall be applied in accordance with the provisions of Section 2.11 hereof; (ii) amounts paid pursuant to the Credit Facility, which shall be deposited in the Credit Facility Account of the Revenue Fund; (iii) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Redemption Fund; (iv) with respect to Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (v) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) On each Interest Payment Date or any other date on which payment of principal of or interest on the Bonds becomes due and payable, the Trustee, out of money in the Credit Facility Account and the General Account of the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Bond Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal of and interest due on the Bonds on such date (excluding principal of and interest on any Purchased Bonds and excluding the principal constituting a mandatory sinking fund payment on any Bonds on such date); and

SECOND: to the Redemption Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal amount due and payable on the Bonds with respect to mandatory sinking fund redemption (excluding principal of any Purchased Bonds) on such date; and

THIRD: to the Redemption Fund from money in the Credit Facility Account (i) amounts paid to the Trustee under the Credit Facility to be applied to the mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b) hereof (other than a mandatory sinking fund redemption) and (ii) amounts paid to the Trustee under the Credit Facility to be applied to the optional redemption of all or a portion of the Bonds pursuant to Sections 3.01(a)(i) and 3.01(a)(ii) hereof; and

FOURTH: to the Purchased Bonds Account in the Bond Fund from money in the General Account, such amount as the Credit Facility Provider shall advise the Trustee is equal to the interest due on the Purchased Bonds on such date.

(c) Promptly upon receipt, the Trustee shall deposit directly to the Redemption Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for a draw under the Credit Facility in such amount to provide for extraordinary mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b)(i) hereof; (ii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied

to the optional redemption of all or a portion of the Bonds pursuant to Sections 3.01(a)(i) and 3.01(a)(ii) hereof; (iii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the payment of any redemption premium in connection with an optional redemption of all or a portion of the Bonds pursuant to Section 3.01(a)(i) hereof; and (iv) amounts transferred to the Redemption Fund from the Bond Mortgage Loan Fund pursuant to Section 4.02(e) hereof.

(d) Should the amount in the Bond Fund be insufficient to pay the amount due on the Bonds on any given Interest Payment Date or other payment date after the transfers from the Credit Facility Account, the Trustee shall credit to the Bond Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the General Account of the Revenue Fund; and (2) the Redemption Fund, except no such charge to the Redemption Fund shall be made from money to be used to effect a redemption for which notice of redemption has been provided for or from money which is held for payment of Bonds which are no longer Outstanding hereunder.

(e) At the written direction of the Borrower, and with the written consent of the Credit Facility Provider, together with a certificate setting forth that no default exists under the Bond Mortgage Loan Documents signed by the Servicer, Investment Income deposited into the General Account of the Revenue Fund shall be paid to the Borrower semi-annually on each Interest Payment Date, commencing with the first Interest Payment Date after the Completion Date (as defined in the Rehabilitation Escrow Agreement), so long as (i) there is no deficiency in the Credit Facility Reimbursement Fund, the Administration Fund, the Rebate Fund or any Custodial Escrow Account, (ii) no default exists under the Bond Mortgage Loan and (iii) no event of default exists under any of the Bond Mortgage Loan Documents.

Section 4.04 *Application of Bond Fund.* The Trustee shall charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due (excluding principal on any Purchased Bond). Any money remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date shall be transferred to the Servicer for payment to the Credit Facility Provider to be applied in accordance with the Reimbursement Agreement.

Any Investment Income on amounts on deposit in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

No amount shall be charged against the Bond Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05 *Application of Redemption Fund.* Any money credited to the Redemption Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Redemption Fund from Eligible Funds

(other than draws under the Credit Facility) is in excess of the amount necessary to effect the redemptions described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the General Account of the Revenue Fund is insufficient to make up such deficiency, provided that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or money which is held for payment of Bonds which are no longer Outstanding hereunder shall be so transferred to the Bond Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Redemption Fund shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Redemption Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06 Administration Fund. The Trustee shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Servicer and the Borrower designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used **FIRST**, to pay to the Trustee when due the Ordinary Trustee's Fees and Expenses; **SECOND**, to pay to the Issuer when due the Issuer Fee; **THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Indenture and the Financing Agreement, upon receipt of an invoice from the Rebate Analyst; **FOURTH**, to deposit to any Custodial Escrow Account any deficiency in the amount held therein as certified in writing by the Servicer (or subsequent holder of such an account) to the Trustee; **FIFTH**, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and Freddie Mac; **SIXTH**, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or this Indenture from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **SEVENTH**, to pay to the Credit Facility Provider any unpaid portion of the amounts due under the Reimbursement Agreement, as certified in writing by the Credit Facility Provider to the Trustee; **EIGHTH**, to pay to the Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **NINTH**, to make up any deficiency in the Redemption Fund on any redemption date of Bonds, to the extent money then available in accordance with Section 4.03(d) hereof in the Redemption Fund is insufficient to redeem Bonds called for redemption on such redemption date; **TENTH**, to pay to the Dissemination Agent when due the Dissemination Agent's Fee; **ELEVENTH**, to pay to the Rating Agency when due the annual rating maintenance fee, if any, as set forth in an invoice submitted to the Trustee; and **TWELFTH**, to transfer any remaining balance after application as aforesaid to the General Account of the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph 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 (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07 *Credit Facility Reimbursement Fund.*

(a) The Trustee shall deposit into the Credit Facility Interest Reimbursement Account of the Credit Facility Reimbursement Fund, promptly upon receipt thereof, all amounts received from the Servicer, including, but not limited to, scheduled monthly interest collections pursuant to Section 3.3(a) of the Reimbursement Agreement, designated for deposit into such account. Amounts on deposit in the Credit Facility Interest Reimbursement Account shall be applied by the Trustee to reimburse the Credit Facility Provider for amounts drawn under the Credit Facility to pay interest on the Bonds. On each Interest Payment Date, the Trustee, without the need for any further direction, shall pay to the Credit Facility Provider by no later than 2:30 p.m., Washington, D.C. time, from and to the extent of amounts on deposit in the Credit Facility Interest Reimbursement Account, an amount equal to the amount drawn by the Trustee under the Credit Facility to pay interest on the Bonds on such date.

(b) The Trustee shall deposit into the Credit Facility Principal Reimbursement Account of the Credit Facility Reimbursement Fund, promptly upon receipt thereof, all amounts received from the Servicer designated for deposit into such account, including, but not limited to, scheduled monthly principal deposits pursuant to Section 3.3(h) of the Reimbursement Agreement. Amounts on deposit in the Credit Facility Principal Reimbursement Account shall be applied by the Trustee to reimburse the Credit Facility Provider for amounts drawn under the Credit Facility to pay principal on the Bonds. On each maturity date for the Bonds and each date the Bonds are subject to optional or mandatory redemption, the Trustee, without the need for any further direction, shall pay to the Credit Facility Provider by no later than 2:30 p.m., Washington, D.C. time, from and to the extent of amounts on deposit in the Credit Facility Principal Reimbursement Account, an amount equal to the principal amount drawn by the Trustee under the Credit Facility to pay or redeem Bonds in Authorized Denominations on such date.

(c) In the event that the amounts on deposit in the respective accounts in the Credit Facility Reimbursement Fund are insufficient to reimburse the Credit Facility Provider (as provided in subsection (a) or (b) of this Section 4.07) the full amount to be drawn under the Credit Facility to pay interest or principal on the Bonds, as applicable, the Trustee shall promptly give notice to the Credit Facility Provider, the Servicer and the Borrower of such deficiency and of the amount of such deficiency.

(d) All Investment Income on amounts on deposit in the Credit Facility Reimbursement Fund shall be retained in and credited to and become a part of the amounts on deposit in the respective accounts in such fund. Provided that (as confirmed by the Trustee with the Servicer or the Credit Facility Provider) (i) there is no deficiency in the Credit Facility Reimbursement Fund, the Administration Fund, the Rebate Fund, or any Custodial Escrow Account, (ii) no event of default exists under the Bond Mortgage Loan, (iii) no Event of Default exists hereunder or under any of the other Borrower Documents (as defined in the Reimbursement Agreement), and (iv) the Credit Facility Provider has been fully reimbursed for amounts drawn on the Credit Facility, the Trustee, without the need for any further direction, shall pay such Investment Income to the Borrower on the Interest Payment Date next succeeding receipt thereof (after making all payments specified in this Section 4.07).

(e) At the written direction of the Credit Facility Provider, the amounts on deposit in the Credit Facility Reimbursement Fund shall be used by the Trustee to pay any amounts required to be paid by the Borrower under any Bond Mortgage Loan Document, to pay any amounts owed to the Credit Facility Provider in connection with any loan purchased by the Credit Facility Provider and secured by the Project, or to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider; provided that the amounts on deposit in the Credit Facility Reimbursement Fund shall, upon the occurrence of an event of default under any Bond Mortgage Loan Document, be used in any manner and for any purpose specified by the Credit Facility Provider.

(f) At the written request of the Borrower, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Credit Facility Reimbursement Fund to the Borrower (in which case the Trustee shall release such amounts to the Borrower, provided that if, in the judgment of the Rebate Analyst, the amount on deposit in the Rebate Fund at such time is less than the amount required under Section 4.12 hereof to be rebated to the United States Department of the Treasury, then prior to any such release to the Borrower, any amounts on deposit in the Credit Facility Reimbursement Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) reduce or no longer require deposits to the Credit Facility Reimbursement Fund.

(g) Any amounts remaining in the Credit Facility Reimbursement Fund after payment in full of the principal of and interest on the Bonds and reimbursement of the Credit Facility Provider for all amounts drawn under the Credit Facility shall be applied as provided in Section 4.11 hereof.

Section 4.08 *Investment of Funds.* The money held by the Trustee shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Trustee, at the written direction of the Borrower (or, in the case of the Rebate Fund, subject to Section 4.12 and Section 5.07(b)), in Qualified Investments which mature or shall be subject to redemption or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Trustee shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such

requirements; provided, further, that all amounts on deposit in the Credit Facility Reimbursement Fund and the Credit Facility Account of the Revenue Fund shall be held uninvested or shall be invested only in Government Obligations or in Qualified Investments of the type described in subparagraph (g) of the definition thereof which, in any case, shall mature or be subject to redemption or withdrawal at par without penalty on or prior to the earlier of (i) 30 days from the date of investment and (ii) the date such money is required to be applied pursuant to the provisions of this Indenture. In the absence of written direction from the Borrower, the Trustee shall invest amounts on deposit in the funds and accounts established under this Indenture in Government Obligations or in investments of the type described in subparagraph (g) of the definition of Qualified Investments which shall have the same maturity and other restrictions as set forth above. Such investments may be made through the investment or securities department of the Trustee. The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the General Account of the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the General Account of the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.09 Money Held for Particular Bonds; Funds Held in Trust. The amounts held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds pending such payment, shall be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or redemption price, after the due date thereof, shall no longer be considered to be unpaid.

All money held by the Trustee for such purpose at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 4.10 *Accounting Records.* The Trustee shall maintain accurate books and records for all funds and accounts established hereunder and provide monthly statements (or other electronic access as agreed to by the parties) of such funds and accounts to the Issuer, the Borrower and the Servicer.

Section 4.11 *Amounts Remaining in Funds.* After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Issuer and the Trustee and other amounts required to be paid hereunder or under any Bond Mortgage Loan Document, including, but not limited to, the Credit Facility and the Reimbursement Agreement, any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower; provided however, that if an event of default (after expiration of any notice and cure period, if applicable) shall have occurred and remain uncured under any Bond Mortgage Loan Document of which the Trustee shall have received written notice from the Credit Facility Provider or the Servicer, then any such amounts remaining in any fund or account hereunder shall be paid to the Credit Facility Provider in accordance with the Reimbursement Agreement.

Section 4.12 *Rebate Fund; Compliance with Tax Certificate.* The Rebate Fund shall be established by the Trustee and held and applied as provided in this Section 4.12. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the government of the United States of America, and neither the Issuer, the Borrower, the Credit Facility Provider nor the Bondholders shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.12 and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Issuer, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Issuer, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Bond Year, the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Bond Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). Pursuant to Section 2.4 of the Financing Agreement, the Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer. In the event that the Borrower fails to provide such information to the Trustee and the Issuer within 55 days of the end of each fifth Bond Year, the Trustee, at the expense of the Borrower, shall select the Rebate Analyst, with the prior written approval of the Issuer, and shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage as required herein.

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

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

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

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

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address provided in such direction), on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States of America and to comply with all other requirements of Sections 2.4 and 4.3 of the Financing Agreement and this Section 4.12, and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebate requirement (as set forth in the Tax Certificate), or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower.

The Trustee shall obtain and keep such records of the computations made pursuant to this Section 4.12 as are required under Section 148(f) of the Code to the extent furnished to the Trustee. The Borrower shall or shall cause the Rebate Analyst to provide to the Issuer and the Trustee copies of all rebate computations made pursuant to this Section 4.12. 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 made by the Trustee as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross income

for federal income tax purposes of interest on the Bonds, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 4.13 *Cost of Issuance Fund.* The Trustee shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, as set forth in the closing memorandum prepared by the underwriter for the Bonds (and accepted and agreed to by the Borrower) on the Delivery Date or by Requisition, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts in the Cost of Issuance Fund funded with proceeds of the Bonds, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

Section 4.14 *Reports From the Trustee.* The Trustee shall, on or before the fifteenth (15th) day of each month, file with the Multifamily Loan Servicing Department of the Credit Facility Provider, the Issuer, and the Borrower a statement setting forth in respect of the preceding calendar month:

- (i) 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;
- (ii) the amount on deposit with it at the end of such month to the credit of each fund and account;
- (iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and
- (iv) any other information which the Credit Facility Provider 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 Bondholder, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to such Bondholder. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Issuer and the Credit Facility Provider and their agents and representatives upon reasonable prior notice during normal business hours.

Section 4.15 *Payments Under Bond Mortgage Loan.* The Trustee and the Issuer hereby expressly acknowledge that references in this Indenture to payments or prepayments of the Bond Mortgage Loan shall, for all purposes of this Indenture, refer solely to such portion of such payments or prepayments actually paid by the Credit Facility Provider to the Trustee as Guaranteed Payments pursuant to the Credit Facility for which the Borrower has correspondingly reimbursed the Credit Facility Provider in an amount equal to the Guaranteed Payments. Without in any way limiting the foregoing, the Trustee and the Issuer hereby acknowledge that, pursuant to the Guide, the Servicer will pay the Freddie Mac Credit Enhancement Fee and the

Ordinary Servicing Fees and Expenses from payments under the Bond Mortgage Loan made by the Borrower prior to remitting the balance of such payments or prepayments to the Trustee for application as provided in this Indenture.

Section 4.16 *Drawings Under Credit Facility.* The Credit Facility shall be held by the Trustee and drawn upon in accordance with its terms and the provisions of this Indenture. Money derived from draws upon the Credit Facility shall be deposited in the Credit Facility Account of the Revenue Fund and applied by the Trustee to pay the principal of and interest on the Bonds, and, in the event of a purchase of the Bonds in lieu of redemption pursuant to Section 3.06 hereof, to pay, to the extent provided in the Credit Facility, the Purchase Price of the Bonds in accordance with this Indenture.

The Trustee shall draw money under the Credit Facility in accordance with the terms thereof when needed and in amounts sufficient to make timely payments of the principal of and interest, but not premium, on the Bonds when due and payable (i.e., on any Interest Payment Date, any Settlement Date, any redemption date or the Maturity Date).

Should the Credit Facility Provider become the owner of the Project by foreclosure or otherwise, the Trustee shall nevertheless continue to make payments on the Bonds only from draws on the Credit Facility or from other Eligible Funds.

The Trustee shall send to the Borrower via facsimile or Electronic Notice a copy of any documents which are presented to the Credit Facility Provider in connection with a drawing on the Credit Facility concurrently with its submission of those documents to the Credit Facility Provider, if requested to do so by the Borrower.

Section 4.17 *Notices Under Credit Facility.* The Trustee hereby agrees to provide to the Credit Facility Provider all such notices, including any notice of failure to receive a payment, as shall be required under the Credit Facility in the manner and within the periods of time provided therein and the Trustee and the Issuer hereby acknowledge that certain notices constitute a condition precedent to payment by the Credit Facility Provider under the Credit Facility.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01 *Payment of Principal and Interest.* The Issuer covenants that it will promptly pay or cause to be paid, but only from the sources identified herein and subject to Section 2.03 hereof, sufficient amounts to provide for the payment of the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

Section 5.02 *Performance of Covenants.* The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto; provided, however, that, except for the matters set forth in Section 5.01 hereof relating to payment of the Bonds, the Issuer will not be

obligated to take any action or execute any instrument pursuant to any provision hereof until it has been requested to do so by the Borrower, the Trustee or Credit Facility Provider, or has received the instrument to be executed and, at the option of the Issuer, has received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer will be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument.

Section 5.03 *Instruments of Further Assurance.* At the sole cost and expense of the Borrower, the Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered by the parties within its control, such indentures supplemental hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section 5.03. The Issuer covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Trust Estate or the revenues or receipts therefrom.

The Issuer will promptly notify the Trustee and, so long as Freddie Mac is the Credit Facility Provider, the Servicer in writing of the occurrence of any of the following:

- (a) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Issuer with respect to the Bonds;
- (b) [reserved];
- (c) the occurrence of any default or Event of Default of which the Issuer has actual knowledge;
- (d) the commencement of any proceedings or any proceedings instituted by or against the Issuer in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Bonds; or
- (e) the commencement of any proceedings by or against the Issuer under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for the Issuer or any of its assets relating to the Bonds.

Section 5.04 *Inspection of Project Books.* The Issuer covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Trustee or the Credit Facility Provider may from time to time reasonably designate.

Section 5.05 *No Modification of Security; Additional Indebtedness.* The Issuer covenants that it will not, without the written consent of the Trustee and the Credit Facility Provider, alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds or the payment of any amount owed to the Credit Facility Provider. The Issuer further covenants not to create or suffer to be created any lien upon the Trust Estate or any part thereof other than the lien created hereby and by the Bond Mortgage and the Reimbursement Mortgage without the prior written consent of the Credit Facility Provider.

Section 5.06 *Damage, Destruction or Condemnation.* Subject to the provisions of the Intercreditor Agreement, Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Bond Mortgage Loan Documents and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07 *Tax Covenants.*

(a) *Issuer's Covenants.* The Issuer covenants to and for the benefit of the Holders of the Bonds that it will:

(i) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the money and investments held in the funds and accounts in any manner which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the “**Regulations**”) or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(ii) enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(iii) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(iv) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will be excluded from the gross income for federal income tax purposes, of the Bondholders pursuant to the Code, except in the event where any such owner of Bonds is a “substantial user” of the facilities financed with the Bonds or a “related person” within the meaning of the Code; and

(v) not take any action or knowingly permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 5.07, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Indenture by this reference and agrees to comply with the terms specifically applicable to it. In making the foregoing covenants, the Issuer is relying on the covenants and representations of the Borrower in the Financing Agreement and the Tax Certificate.

In the event of a conflict between the terms of this Indenture and the Tax Certificate, the terms of the Tax Certificate shall control as to matters affecting the tax-exemption of the Bonds.

(b) *Trustee’s Covenants.* The Trustee agrees that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Certificate (this covenant shall extend through the term of the Bonds, to all funds and accounts created under this Indenture and all money on deposit to the credit of any such fund or account). The Trustee covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other Bond Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, the Credit Facility Provider, Bond Counsel or the Rebate Analyst. This covenant shall extend, throughout the term of the Bonds, to all funds created under this Indenture and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Indenture, the Trustee obligates itself to comply throughout the term of the issue of the Bonds with the requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become “arbitrage bonds,” then the Trustee will comply with any written instructions of the Issuer, the Borrower, the Credit Facility Provider or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Bonds from becoming “arbitrage bonds,” and the Trustee will bear no liability to the Issuer, the Borrower, the Bondholders or the Credit Facility Provider for investments made in accordance with such instructions.

Section 5.08 Representations and Warranties of the Issuer. The Issuer hereby represents and warrants as follows:

(a) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Indenture, the Financing Agreement and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Bonds are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Indenture, and all action on the part of the Issuer to that end has been duly and validly taken.

(d) The Bond Financing Documents to which the Issuer is a party have been validly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 6.01 Events of Default. Each of the following shall be an event of default with respect to the Bonds (an "Event of Default") under this Indenture:

(a) failure to pay the principal of, premium, if any, or interest on any Bond (other than Purchased Bonds) when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for redemption thereof, by acceleration or otherwise; or

(b) failure by the Credit Facility Provider to make when due a required payment under the Credit Facility; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer (other than those set forth in Section 5.01 hereof) set forth in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof (which notice shall be effective only with the written consent of the Credit Facility Provider if no Event of Default has occurred and is then continuing under Section 6.01(b) hereof) to the Issuer from the Trustee or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding at such time specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Issuer commences the required cure within such thirty (30) day period and continues the cure with diligence and the Issuer reasonably anticipates that the default

could be cured within sixty (60) days, the Issuer shall have sixty (60) days following receipt of such notice to effect the cure.

The Trustee and the Issuer agree that, notwithstanding the provisions hereof, no default under the terms of this Indenture shall be construed as resulting in a default under the Bond Mortgage Note, the Bond Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes an event of default thereunder.

The Trustee will immediately notify the Issuer, the Servicer and the Credit Facility Provider after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02 *Acceleration; Other Remedies Upon Event of Default.*

Upon the occurrence of an Event of Default under Section 6.01(b) hereof, the Trustee shall, upon the written request of the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity satisfactory to it, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

Upon the occurrence of an Event of Default (other than an Event of Default under Section 6.01(b) hereof), the Trustee shall, but only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable and, upon the Credit Facility Provider having honored a properly presented and conforming draw under the Credit Facility to pay such amounts, interest on the Bonds shall cease to accrue, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of an Event of Default occurring under Section 6.01(a) or 6.01(c) hereof shall be made from the Credit Facility.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or the Credit Facility Provider, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Reimbursement Agreement (including, without limitation, with respect to the Credit Facility Provider all outstanding amounts owed to the Credit Facility Provider and all fees owed to the Credit Facility Provider) (collectively, the “**Cure Amount**”) shall have been paid in full, and all

other defaults hereunder shall have been made good or cured or waived in writing by the Credit Facility Provider (or, if an Event of Default under Section 6.01(b) hereof has occurred and is then continuing, by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding), then and in every case, the Trustee on behalf of the Holders of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding the foregoing provisions of this paragraph, in the event the Cure Amount is derived in whole or in part from a draw on the Credit Facility, any such rescission or annulment of such declaration of acceleration shall not occur without the written consent of the Credit Facility Provider.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no Event of Default has occurred and is continuing under Section 6.01(b) hereof), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights; provided that, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding and to require the Issuer or the Credit Facility Provider to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, this Indenture, the Financing Agreement, the Regulatory Agreement or the Credit Facility (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Financing Agreement, the Regulatory Agreement, the Credit Facility or any other Bond Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of the Bonds and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the

Credit Facility Provider or the Bondholders hereunder or under the Financing Agreement, the Regulatory Agreement, the Credit Facility, the Reimbursement Agreement or any other Bond Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any 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 acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee, the Credit Facility Provider or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

In all events the rights of the Trustee to exercise remedies under this Indenture upon the occurrence of an Event of Default shall be subject to the provisions of the Intercreditor Agreement.

Section 6.03 *Rights of Bondholders.* If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, and if requested in writing so to do by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interest of the affected Bondholders. If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of Section 6.08 hereof, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.04 *Waiver by Issuer.* Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisal and redemption to which it may be entitled under the laws of the State and the United States of America.

Section 6.05 *Application of Money After Default.* All money (other than amounts drawn from the Credit Facility under Section 6.02 hereof) collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the General Account of the Revenue Fund. Such money so credited to the General Account of the Revenue Fund and all other money from time to time credited to the General Account of the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Bond Fund and the Redemption Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money (other than money held for the payment or redemption of particular Bonds as provided in Section 4.09 hereof and amounts drawn from the Credit Facility under Section 6.02 hereof) shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture.

(b) So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement (including with respect to Freddie Mac all Freddie Mac Credit Enhancement Fees and Freddie Mac Reimbursement Amounts).

(c) Unless the principal of all 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 in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference; and

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any (which payment of premium shall not be restricted to Eligible Funds), on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference, and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference.

(d) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any (which payment of premium shall not be restricted to Eligible Funds), 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, premium and interest, to the Persons entitled thereto without

any discrimination or preference except as to any differences in the respective rates of interest specified in the Bonds.

(e) If an Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement to the date of such Event of Default.

(f) To the payment of fees then due and owing to the Issuer.

Section 6.06 *Rights of the Credit Facility Provider.* If an Event of Default under Section 6.01(a) or Section 6.01(c) hereof shall have occurred and so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, upon receipt of the written direction of the Credit Facility Provider (which direction may be given in the sole discretion of the Credit Facility Provider), the Trustee shall be obligated to exercise any right or power conferred by this Article in the manner set forth in such written direction of the Credit Facility Provider. If such written direction expressly states that the Trustee may exercise one or more of the rights and powers conferred in this Article as the Trustee shall deem to be in the interest of the Bondholders and the Credit Facility Provider, the Trustee, being advised by counsel or a committee of Responsible Officers, shall exercise one or more of such rights and powers as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interests of the Bondholders and the Credit Facility Provider; provided, however, that in any event, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may not undertake any action to realize, through sale or otherwise, upon the Bond Mortgage Loan without the express written direction of the Credit Facility Provider. So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, in the case of an Event of Default under Section 6.01(a) or Section 6.01(c) hereof, the Credit Facility Provider shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.07 *Remedies Vested in Trustee.* 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 without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery or judgment shall be for the mutual benefit as provided herein of all of the Holders of the Outstanding Bonds.

Section 6.08 *Remedies of Bondholders.* No Holder of any Bond 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 hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default shall have occurred of which the Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default under Section 6.01(b) hereof; (c) the Holders of more than 51% of the aggregate principal amount of the Bonds then

Outstanding with respect to which there is such an Event of Default shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Trustee indemnity as provided in this Indenture; and (e) the Trustee shall within sixty (60) days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Bonds or to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided with respect to the equal and ratable benefit of all Holders of Bonds with respect to which there is a default. Nothing contained in this Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

Section 6.09 *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider, the Borrower and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.10 *Waivers of Events of Default.* So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds only upon the written direction of the Credit Facility Provider. If there shall have occurred and is then continuing an Event of Default under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the Holders of 100% of the Bonds then Outstanding with respect to which there is a default; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds (other than Purchased Bonds) at the date of maturity specified therein, or upon proceedings for mandatory redemption of any Bonds (other than Purchased Bonds), (b) any default in the payment when due of the interest or premium on any such Bonds (other than Purchased Bonds), unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider and the Bondholders shall be restored to their former positions and rights hereunder,

respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11 *Notice to Bondholders if Default Occurs.* Upon the occurrence of an Event of Default, or if an event occurs which could lead to an Event of Default with the passage of time and of which the Trustee is required to take notice pursuant to Section 7.02(1) hereof, the Trustee shall, within thirty (30) days, give written notice thereof by first class mail to the registered Owners of all Bonds then Outstanding. Notwithstanding the foregoing, except in the case of an Event of Default with respect to the payment of principal of or premium, if any, and interest on the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors of the Trustee, the executive committee, or a trust committee of directors or officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01 *Standard of Care.* The Trustee, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Indenture; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee except for willful misconduct or negligence by the officer or employee of the Trustee as the case may be; and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Credit Facility Provider or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding (or such lesser or greater percentage as is specifically required or permitted by this Indenture) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

Section 7.02 *Reliance Upon Documents.* Except as otherwise provided in Section 7.01 hereof:

(a) the Trustee may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any facsimile transmission or Electronic Notice as permitted hereunder or under the Financing Agreement;

(b) any notice, request, direction, election, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Issuer by an Authorized Officer of the Issuer (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a copy of such resolution duly certified by an Authorized Officer of the Issuer;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Trustee by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Servicer by an Authorized Officer of the Servicer (unless other evidence in respect thereof be herein specifically prescribed);

(e) any notice, request, direction, election, order or demand of the Credit Facility Provider mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Credit Facility Provider by any Authorized Officer of the Credit Facility Provider (unless other evidence in respect thereof be herein specifically prescribed);

(f) [Intentionally Omitted];

(g) [Intentionally Omitted];

(h) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Trustee may consult with counsel (who may be counsel for the Issuer, the Servicer or the Credit Facility Provider) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Issuer or the Borrower and such certificate shall in the absence of bad faith on the part of the Trustee be full warrant to the Trustee for any action taken or permitted by it under the provisions of this Indenture, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Bonds (except the Trustee's certificate of authentication thereon) shall be taken as the statements of the Issuer and the Borrower and shall not be considered as made by or imposing any obligation or liability upon the Trustee. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer or the Borrower to the Trust Estate, or as to the security of this Indenture, or of the Bonds issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(k) the Trustee shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Trust Estate except for its own willful misconduct or negligence; and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.02(k);

(l) the Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Trustee) herein or in any contracts or securities assigned or conveyed to or pledged with the Trustee hereunder, except Events of Default that are evident under Section 6.01(a) or 6.01(b) hereof. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) or 6.01(b) hereof) unless the Trustee shall receive from the Issuer, the Credit Facility Provider or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is no such default. Every provision contained in this Indenture or related instruments or in any such contract or security wherein the duty of the Trustee depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Trustee, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Holder of any Bond; and

(n) the Trustee shall be under no obligation to exercise those rights or powers vested in it by this Indenture, other than such rights and powers which it shall be obliged to exercise in the ordinary course of its trusteeship under the terms and provisions of this Indenture and as required by law, at the request or direction of any of the Bondholders pursuant to Sections 6.03 and 6.08 hereof, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee is authorized and directed to execute in its capacity as Trustee the Financing Agreement, the Regulatory Agreement and the Intercreditor Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Trustee or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Trustee agrees to accept and act upon facsimile transmission or Electronic Notice of written instructions and/or directions pursuant to this Indenture.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Trustee pursuant to this Section 7.02 shall remain in effect until the Trustee receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Trustee shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03 *Use of Proceeds.* The Trustee shall not be accountable for the use or application of any of the Bonds authenticated or delivered hereunder or of the proceeds of the Bonds except as provided herein.

Section 7.04 *Trustee May Hold Bonds.* The Trustee and its officers and directors may acquire and hold, or become pledgees of Bonds and otherwise may deal with the Issuer and the Borrower in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 7.05 *Trust Imposed.* All money received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.06 *Compensation of Trustee.* The Trustee shall be entitled to its Ordinary Trustee's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Trustee hereunder or under any Bond Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Trustee shall be entitled to Extraordinary Trustee's Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Bond Financing Documents; provided the Trustee shall not incur any Extraordinary Trustee's Fees and Expenses without the consent of the Credit Facility Provider (except that no consent shall be required if an Event of Default under Section 6.01(b) hereof has occurred and is continuing). If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Trustee for its services and reimbursement to the Trustee for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Financing Agreement and in Sections 4.06, 4.11 and 6.05 hereof. Proceeds of draws on the Credit Facility shall not be used to pay or reimburse the Trustee for any such amounts. The Issuer shall have no liability for Trustee's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Trustee agrees that it shall continue to perform its duties hereunder (including, but not limited to, its duties as Paying Agent and Bond Registrar) and under the Bond Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Trustee's Fees and Expenses or, if applicable, the Extraordinary Trustee's Fees and Expenses as required by the Financing Agreement.

The Borrower shall indemnify and hold harmless the Trustee and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Indenture or transactions contemplated hereby, the Project, or the issuance, offering or sale of the Bonds; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the issuance, offering or sale of the Bonds; and (c) all costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Trustee, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment

of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel to the extent a legal conflict exists in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Indenture.

Section 7.07 *Qualifications of Trustee.* There shall at all times be a Trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.11 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.07, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.07 and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.09 hereof.

Section 7.08 *Merger of Trustee.* Any association or corporation into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Trustee hereunder and vested with all the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Trustee in respect of the beneficial interest of the Trustee in the Bond Mortgage Loan.

Section 7.09 *Resignation by the Trustee.* The Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, the Borrower and the Credit Facility Provider, and by giving notice by certified mail or overnight delivery service to each Holder of the Bonds then Outstanding. Such notice to the Issuer, the Borrower and the Credit Facility Provider may be served personally or sent by certified mail or overnight delivery service. The resignation of the Trustee shall not be effective until a successor Trustee has been appointed as provided herein and such successor Trustee shall have agreed in writing to be bound by the duties and obligations of the Trustee hereunder and under the Financing Agreement, the Regulatory Agreement, and the Intercreditor Agreement.

Section 7.10 *Removal of the Trustee.* The Trustee may be removed at any time, either with or without cause, with the consent of the Credit Facility Provider (which consent of the Credit Facility Provider shall not be unreasonably withheld), by a written instrument signed by

the Issuer and delivered to the Trustee and the Borrower, and if an Event of Default shall have occurred and be continuing, other than an Event of Default under Section 6.01(b) hereof, by a written instrument signed by the Credit Facility Provider and delivered to the Trustee, the Issuer and the Borrower. The Trustee may also be removed, if an Event of Default under Section 6.01(b) hereof shall have occurred and be continuing, by a written instrument or concurrent instruments signed by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower and the Credit Facility Provider. The Trustee may also be removed by the Credit Facility Provider following notice to the Issuer and after a thirty (30) day period during which the Issuer may attempt to cause the Trustee to discharge its duties in a manner acceptable to Credit Facility Provider, and in each case written notice of such removal shall be given to the Servicer, the Borrower and to each registered Owner of Bonds then Outstanding as shown on the Bond Registrar. Any such removal shall take effect on the day specified in such written instrument(s), but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Trustee hereunder and under the Financing Agreement, the Regulatory Agreement, and the Intercreditor Agreement.

Section 7.11 *Appointment of Successor Trustee.*

(a) In case at any time the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and the Issuer, with the written consent of the Credit Facility Provider, shall promptly appoint a successor Trustee. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Issuer.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Trustee pursuant to Section 7.10 hereof, the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 7.12 *Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, accepting assignment of the beneficial interest in the Bond Mortgage, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written Request of the Issuer, the Borrower or the Credit Facility Provider, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Trustee all the Trust Estate and the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, including, but not limited to, the existing

Credit Facility, and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Trustee for more fully and certainly vesting in such successor the Trust Estate and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded (if any). Each successor Trustee shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Owners of all Bonds Outstanding at their addresses on the Bond Register.

Section 7.13 *Successor Trustee as Trustee, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee, the predecessor Trustee which shall have resigned or shall have been removed shall cease to be trustee and paying agent on the Bonds and Bond Registrar, and the successor Trustee shall become such Trustee, Paying Agent and Bond Registrar.

Section 7.14 *Appointment of Co-Trustee or Separate Trustee.* It is the intent of the Issuer and the Trustee that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under or connected with this Indenture, the Financing Agreement or any of the other Bond Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Trustee or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee, with the consent of the Issuer, appoint an additional individual or institution as a co-trustee or separate trustee.

In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Trustee herein or to hold title to the Trust Estate or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-trustee or separate trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer and the Trustee.

Should any instrument in writing from the Issuer be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer, the Trustee and the Borrower. If the Issuer shall fail to deliver the same within thirty (30) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any co-trustee or separate trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law shall delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Issuer evidenced by a certified resolution may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 7.14 and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Issuer, and upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.14;

(f) no Trustee or co-trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

The total compensation of the Trustee and any co-trustee or separate trustee shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15 *Notice of Certain Events.* The Trustee shall give written notice to the Issuer, the Servicer and the Credit Facility Provider of any failure by the Borrower to comply with the terms of the Regulatory Agreement or any Market Risk Event of which a Responsible Officer has actual knowledge.

Section 7.16 *Record of Freddie Mac Credit Enhancement Payments and Freddie Mac Reimbursement Amounts.* The Trustee shall maintain records of all Freddie Mac Credit Enhancement Payments received by it from Freddie Mac under the Credit Enhancement Agreement and of all Freddie Mac Reimbursement Amounts paid by the Trustee to Freddie Mac or known by the Trustee to be due to Freddie Mac but unpaid from time to time. The Trustee hereby agrees, upon receipt of a written request from Freddie Mac, to cooperate with Freddie Mac and the Servicer in connection with the reconciliation of the Trustee's records maintained pursuant to this Section 7.16 and any similar records maintained by Freddie Mac or the Servicer.

Section 7.17 *Filing of Financing Statements.* The Trustee shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Bonds pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Trustee shall immediately notify the Issuer, the Borrower, the Credit Facility Provider and the Servicer that the same has been done. If direction is given by the Servicer or the Credit Facility Provider, the Trustee shall file all continuation statements in accordance with such directions.

Section 7.18 *USA Patriot Act Requirements of the Trustee.* To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a Trust, or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01 *Supplemental Indentures Not Requiring Consent of Bondholders.* The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) to cure any formal defect, omission, inconsistency or ambiguity herein in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(b) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with this Indenture or the rights of the Trustee hereunder as theretofore in effect;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state blue sky laws;

(e) to make such additions, deletions or modifications as may be, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(f) to modify, amend or supplement this Indenture as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change;

(g) to implement or modify any secondary market disclosure requirements;
and

(h) to modify, amend or supplement this Indenture in any other respect which is not materially adverse to the Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.02 hereof.

Section 8.02 *Supplemental Indentures Requiring Consent of Bondholders.* With the prior written consent of the Credit Facility Provider, the Holders of more than 51% of the

aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing in this Section 8.02 contained shall permit, or be construed as permitting, (a) an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Bond Mortgage Note, without the consent of the Holders of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of this Indenture, (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Holders of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds, or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered Bondholders and to the Credit Facility Provider. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders.

Thirty (30) days after the date of the mailing of such notice, the Issuer and the Trustee may enter into such supplemental indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee the required consents, in writing, of the Credit Facility Provider and the Holders of not less than the percentage of Bonds required by this Section 8.02. If the Holders of not less than the percentage of Bonds required by this Section 8.02 shall have consented to and approved the execution and delivery of a supplemental indenture as provided herein, no Holder 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 Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. 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. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article

Anything in this Article VIII to the contrary notwithstanding, unless the Borrower shall then be in default of any of its obligations under the Financing Agreement, the Reimbursement Agreement, the Regulatory Agreement, the Bond Mortgage Note, the Bond Mortgage or the Reimbursement Mortgage, a supplemental indenture under this Article which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have expressly

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 such supplemental indenture to be mailed by certified or registered mail to the Borrower or the Borrower's attorney at least fifteen (15) days prior to the proposed date of execution and delivery of any supplemental indenture.

Notwithstanding any other provision of this Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Credit Facility Provider, the Holders of all Bonds then Outstanding and, as applicable, the Borrower.

Section 8.03 *Amendments to Financing Agreement Not Requiring Consent of Bondholders.* The Trustee shall, without the consent of, or notice to, the Bondholders, but with the consent of the Borrower and the Credit Facility Provider, consent to any amendment, change or modification of the Financing Agreement as follows:

(a) as may be required by the provisions of the Credit Facility, the Financing Agreement or this Indenture;

(b) to cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(c) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(d) to modify, amend or supplement the Financing Agreement as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change; or

(e) to modify, amend or supplement the Financing Agreement in any other respect which is not materially adverse to the Trustee or Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.04 hereof.

Section 8.04 *Amendments to Financing Agreement Requiring Consent of Bondholders.* Except for the amendments, changes or modifications of the Financing Agreement as provided in Section 8.03 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Financing Agreement without the consent of the Credit Facility Provider and the Borrower and without the giving of notice and the written approval or consent of the Holders of at least 51% of the aggregate principal amount of the Bonds then Outstanding given and procured in accordance with the procedure set forth in Section 8.02 hereof; provided, however, that nothing contained in this Section 8.04 shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's obligation to make the payments required under the Financing Agreement without the consent of the Holders of all of the Bonds then Outstanding. If at any time the Issuer and the Borrower

shall request the consent of the Trustee to any such proposed amendment, change or modification of the Financing Agreement, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 hereof. 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 Bondholders.

Section 8.05 *Amendments to the Credit Facility.* The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in a manner which is not prejudicial to the interests of the Bondholders as determined by the Trustee being advised by counsel, a committee of Responsible Officers or by a written confirmation from the Rating Agency of the then existing rating on the Bonds, or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

Section 8.06 *Opinion of Bond Counsel Required.* No supplement or amendment to the Financing Agreement or this Indenture, as described in this Article VIII, shall be effective until the Issuer, the Trustee and the Credit Facility Provider shall have received an opinion of Bond Counsel to the effect that such supplement or amendment is authorized or permitted by this Indenture and, upon execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not cause interest on the Bonds to be includable in gross income of the Holders thereof for federal income tax purposes. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed supplemental indenture or amendment permitted by this Article VIII complies with the provisions of this Indenture, (ii) it is proper for the Trustee to join in the execution of that supplemental indenture or amendment under the provisions of this Article VIII, and (iii) if applicable, such proposed supplemental indenture or amendment is not materially adverse to the interests of the Bondholders.

ARTICLE IX

SATISFACTION AND DISCHARGE OF INDENTURE

Section 9.01 *Discharge of Lien.* If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in Section 9.04 hereof) to pay the principal, redemption price and interest to the date established for redemption whether by redemption or otherwise; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and shall have paid all amounts due and owing to the Credit Facility Provider hereunder and under the Credit Facility and the Reimbursement Agreement, including but not limited to the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee, and shall have paid all fees and expenses of and any other amounts due to the Trustee, the Servicer, the Dissemination Agent, the Rebate Analyst and the Paying Agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any interest in property at the time subject to the lien of this Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof or the payment of any amounts payable to the Credit Facility Provider.

Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 if, under circumstances which do not cause interest on the Bonds to become includable in the Holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to Section 9.04 hereof, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or maturity date thereof, as the case may be; (c) in the case of Bonds which do not mature or will not be redeemed within 60 days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid; (d) the Trustee shall have received an opinion of nationally recognized bankruptcy counsel, if required by subpart (e) of the definition of "Eligible Funds" herein, to the effect that such money constitutes Eligible Funds; and (e) the Trustee shall have received an opinion of Bond Counsel to the effect that the defeasance of the Bonds is in accordance with the provisions of the Indenture and that such defeasance will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Trustee shall in no event cause the Bonds to be optionally redeemed from money deposited pursuant to this Article IX unless the requirements of Article III have been met with respect to such redemption, including the requirements of Sections 3.01(a)(iii) and 3.01(a)(iv) hereof.

Section 9.02 *Discharge of Liability on Bonds.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in

Section 9.01 above) to pay or redeem Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, terminate and be completely discharged, except only that thereafter the holders thereof shall be entitled to payment by the Issuer, and the Issuer shall remain liable for such payment, but only out of the money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03 *Payment of Bonds After Discharge of Indenture.* Notwithstanding any provisions of this Indenture, and subject to applicable unclaimed property laws of the State, any money deposited with the Trustee or any paying agent in trust for the payment of the principal of, interest or premium on the Bonds remaining unclaimed for two years after the payment thereof: to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Issuer and the Trustee with respect to such money shall cease, and the holders of the Bonds shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Trustee and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

Section 9.04 *Deposit of Money or Securities with Trustee.* Whenever in this Indenture it is provided or permitted that there be deposited with or credited to the account of or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall be Eligible Funds (or Government Obligations purchased with Eligible Funds) consisting of:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any; or

(b) noncallable and nonprepayable direct obligations of the United States of America or noncallable and nonprepayable obligations which as to principal and interest constitute full faith and credit obligations of the United States of America, in such amounts and maturing at such times that the proceeds of said obligations received upon their respective maturities and interest payment dates, without further reinvestment, will provide funds sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay the principal, premium, if any, and interest to maturity, or to the redemption date, as the case may be, with respect to all of the Bonds to be paid or redeemed, as such principal, premium and interest become due; provided that the Trustee shall have been irrevocably instructed by the Issuer to apply the proceeds of said obligations to the payment of said principal, premium, if any, and interest with respect to such Bonds.

ARTICLE X

INTENTIONALLY OMITTED

ARTICLE XI

MISCELLANEOUS

Section 11.01 *Consents and Other Instruments of Bondholders.* Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Indenture to be signed and executed by the Bondholders may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

(a) the fact and date of the execution by any Person of any such instrument may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such instrument acknowledged the execution thereof. 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 affidavit or certificate shall also constitute sufficient proof of such authority;

(b) the ownership of registered Bonds shall be proved by the Bond Register;
and

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

Section 11.02 *Servicing the Bond Mortgage Loan.* There shall be engaged at all times that Freddie Mac is the Credit Facility Provider an eligible servicing institution designated by Freddie Mac as the Servicer (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan) to service the Bond Mortgage Loan pursuant to the Guide.

Section 11.03 *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the Parties hereto, the Credit Facility Provider, the Servicer, the Borrower and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions hereof.

Section 11.04 Construction of Conflicts; Severability. Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Bonds, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Bond Mortgage Loan Documents, then the Bond Mortgage Loan Documents shall be controlling in all respects. If any provision of this Indenture shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 11.05 Notices.

(a) Any provision of this Indenture relating to the mailing of notice or other communication to Bondholders shall be deemed fully complied with if such notice or other communication is mailed, by first class mail, postage prepaid, or overnight delivery service, to each registered Owner of any Bonds then Outstanding at the address of such registered Owner as it appears on the Bond Register. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Indenture by Electronic Notice or by a facsimile transmission for which a confirmation of receipt has been delivered. The Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Issuer:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92121 Attention: Vice President of Multifamily Housing Finance
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with a copy to: Office of the San Diego City Attorney
1200 Third Avenue, Suite 1620
San Diego, California 92101
Attention: Marguerite Middaugh

The Trustee: U.S. Bank Trust Company, National Association
633 W. Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: []
Email:
Telephone:
Telecopier:

The Borrower: Sea Breeze Gardens Preservation LP
c/o Lincoln Avenue Communities
401 Wilshire Blvd., 11th Floor
Santa Monica, California 90401
Attention: Hanna Jamar and Russell Condas
Email: Hanna@lincolnavcap.com and
rcondas@lincolnavcap.com
Telephone: (424) 222-8253

with a copy to: PacH Sea Breeze Holdings, LLC
c/o Pacific Housing, Inc.
2115 J Street, Suite 201
Sacramento, California 95816
Attention: Mat Eland
Email: meland@pacifichousing.org
Telephone: (916) 638-5200

with a copy to: Levitt & Boccio, LLP
(which copy shall not constitute notice to
Borrower)
423 West 55th Street, 8th Floor
New York, New York 10019
Attention: Eleor Cohen
Email: ecohen@levittboccio.com
Telephone: (347) 886-4118

with a copy to: Cox Castle & Nicholson LLP
(which copy shall not constitute notice to
Borrower)
50 California Street, Suite 3200
San Francisco, California 94111
Attention: Ofer Elitzur

Email: oelitzur@coxcastle.com
Telephone: (415) 262-5165

Credit Facility
Provider:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B2E
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Email: mfla@freddiemac.com
Trustee Hotline: (703) 714-4177

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel –
Multifamily Legal Division
Email: guy_nelson@freddiemac.com
Telephone: (703) 903-2000

The Servicer:

Berkadia Commercial Mortgage LLC
322 Norristown Road, Suite 300
Ambler, Pennsylvania 19002

Rating Agency:

[Standard & Poor's Ratings Services
38th Floor
55 Water Street
New York, NY 10041-0003
Attention: Public Finance Surveillance

Or

Moody's Investor Services, Inc.
[STREET]
[CITY, STATE ZIP]
Attention: _____]

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Credit Facility Provider and by any party to the Credit Facility Provider to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission or Electronic Notice of written instructions and/or directions pursuant to this Indenture.

(b) The Trustee shall provide to the Credit Facility Provider (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such

information or other communication. The Trustee shall provide to the Rating Agency any information requested by the Rating Agency needed to maintain the rating on the Bonds.

(c) The Trustee shall provide to the Rating Agency, at the address specified in subsection (a) of this Section 11.05, notice of (i) any change in Trustee hereunder, (ii) any material amendment to any of the Bond Financing Documents, (iii) any substitution, termination, expiration or extension of the Credit Facility, and (iv) any acceleration or redemption in whole or defeasance of the Bonds.

Section 11.06 *Reserved.*

Section 11.07 *Trustee as Paying Agent and Bond Registrar.* The Trustee is hereby designated and agrees to act as Paying Agent and Bond Registrar for and in respect to the Bonds. When acting in either such capacity, the Trustee will receive the same rights, protections and indemnifications afforded to the Trustee hereunder.

Section 11.08 *Payments Due on Non-Business Days.* In any case where a date of payment with respect to any Bonds shall be a day other than a Business Day, then such payment 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 such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.09 *Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.10 *Laws Governing Indenture and Administration of Trust.* The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State without regard to conflicts of laws principles.

Section 11.11 *No Recourse.* No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon any Bond hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 11.12 *Successors and Assigns.* All the covenants and representations contained in this Indenture by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

**HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO**

By: _____
[NAME, TITLE]

[ISSUER'S SIGNATURE PAGE TO SEA BREEZE GARDENS INDENTURE]

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

By: _____

Name:

Title:

[TRUSTEE'S SIGNATURE PAGE TO SEA BREEZE GARDENS INDENTURE]

EXHIBIT A

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS) SERIES 2024E**

NO. R-

\$_[_____]

NOTICE: Unless this bond certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owners hereof, Cede & Co., has an interest herein.

INTEREST RATE:

MATURITY DATE:

DELIVERY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The Housing Authority of the City of San Diego (the “**Issuer**”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “**State**”), for value received, hereby promises (but solely from the sources and in the manner provided for in the hereinafter defined Indenture) to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, unless previously called for redemption, the principal sum as set forth above, together with interest thereon at the rate provided in the Indenture (as defined below) from the Interest Payment Date (as defined below) next preceding the date of authentication of this Bond to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of this Bond, or unless no interest has been paid or duly provided for on this Bond, in which case from the Delivery Date identified above, until the principal amount hereof shall have been fully paid, at the rate per annum identified above, payable on (a) [June] 1 and [December] 1 of each year, commencing [December 1], 20[24], (b) the maturity date identified above, and (c) the date of redemption of

this Bond (each, an “**Interest Payment Date**”), computed on the basis of a 360-day year consisting of twelve 30-day months, as provided in the Indenture. Notwithstanding the foregoing, if this Bond is authenticated after a Record Date and before the following Interest Payment Date, this Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then this Bond shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on this Bond, from the Delivery Date. Payment of principal, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Payment of principal of this Bond, premium, if any, and interest on this Bond will be made by check mailed on the Interest Payment Date to the registered owner of this Bond as such address shall appear on the registration books for the Bonds on the 15th day of the month preceding each Interest Payment Date (a “**Record Date**”). Upon written request of a registered owner of at least \$1,000,000 aggregate principal amount of the Bonds received by U.S. Bank Trust Company, National Association, as trustee (together with any successor trustee appointed in accordance with the terms of the hereinafter defined Indenture, the “**Trustee**”), at least five (5) Business Days prior to a Record Date, all payments of principal, premium, if any, and interest will be paid by wire transfer of immediately available funds to an account designated by such owner, less any reasonable wire transfer fees imposed by the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Trust Indenture dated as of [June] 1, 2024, by and between the Issuer and the Trustee (the “**Indenture**”).

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR THE FEDERAL HOME LOAN MORTGAGE CORPORATION (“**FREDDIE MAC**”), AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT (AS HEREINAFTER DEFINED) ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, ANY OF THE BONDS OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THE INDENTURE CONTAINED, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER, OR MEMBER OR OFFICER 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 OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH MEMBER OF THE ISSUER, OFFICER, EMPLOYEE OR AGENT AS SUCH IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF ANY OF THE BONDS.

THE BONDS ARE NOT AND NEVER SHALL BECOME GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY AND ONLY FROM THE REVENUES AND THE OTHER SECURITY PLEDGED IN THE INDENTURE FOR SUCH PURPOSE, WHICH REVENUES, TOGETHER WITH ANY SUCH OTHER SECURITY PROVIDED IN THE INDENTURE, ARE PURSUANT TO THE INDENTURE SPECIFICALLY AND IRREVOCABLY GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, ALIENATED, ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND NEVER SHALL CONSTITUTE A DEBT OR AN INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE, OR A LOAN OF THE FAITH OR CREDIT OR THE TAXING POWER OF ANY OF THEM, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS, NOR SHALL THE BONDS BE CONSTRUED TO CREATE ANY MORAL OBLIGATION ON THE PART OF THE ISSUER, THE STATE, OR ANY COUNTY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE WITH RESPECT TO THE PAYMENT OF THE BONDS. THE BONDS SHALL NOT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER, AND NEITHER THE ISSUER NOR THE STATE NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF WILL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THEREFOR.

This Bond is one of a duly authorized issue of bonds of the Issuer known as its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E, issued in the original aggregate principal amount of \$75,000,000 (the “**Bonds**”) under and pursuant to the Constitution and the laws of the State, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California (the “**Act**”), and a bond resolution adopted by the Issuer on [May 21, 2024]. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefor pursuant to the Indenture. The Bonds are issued to provide funds to finance the acquisition and rehabilitation of a multifamily rental housing development known as “Sea Breeze Gardens” located in San Diego, California, owned by Sea Breeze Gardens Preservation LP, a California limited partnership (the “**Borrower**”).

The Bonds are issuable as fully registered bonds in Authorized Denominations of \$5,000 or integral multiples thereof.

To secure its obligation to make payments on the Bond Mortgage Note in accordance with its terms, the Borrower has caused to be delivered to the Issuer a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of [_____] (the “**Bond Mortgage**”), which has been assigned by the Issuer to the Trustee, and a direct pay Credit Enhancement Agreement dated as of [_____] (the “**Credit Enhancement Agreement**”) between Freddie Mac and the Trustee. Under the Credit Enhancement Agreement, Freddie Mac has agreed to make advances to the Trustee (against proper draw requests made by the Trustee

thereunder) in the amounts necessary to pay principal of and interest due under the Bond Mortgage Loan.

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the Trust Estate under the Indenture, the nature and extent of the security, the terms and conditions upon which the Bonds are issued and secured and the rights of the holders thereof, to all of the provisions of which Indenture the registered Owner of this Bond, by acceptance hereof, assents and agrees. This Bond is equally and ratably secured under the Indenture with all other Bonds issued thereunder.

The Bonds are subject to optional and mandatory redemption or purchase in lieu of redemption in accordance with the provisions of the Indenture.

In the event of a redemption of less than all of the Bonds, the Bonds shall be selected by lot. Bonds shall only be redeemed in Authorized Denominations.

Unless notice of redemption is not required under this Bond and the terms of the Indenture, notice of redemption of this Bond shall be given by first class mail, postage prepaid, to the registered owner hereof at the address of such owner shown on the registration books maintained by the Trustee, as bond registrar. All such notices shall be given not less than twenty (20) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. Notice shall also be sent by certified mail, overnight delivery service or other secure means, postage prepaid, to the Credit Facility Provider and to certain Information Services as described in the Indenture. Failure to give notice by mailing to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond if notice shall have been mailed as herein provided. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants 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 proceeding with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond is transferable by the registered owner hereof in Person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, 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 the same series, maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefore. The Bonds are issuable only as fully registered Bonds without coupons.

The Issuer and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

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

Notwithstanding any provision of this Bond or the Indenture to the contrary, the Issuer shall be permitted to direct Bond Mortgage 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.

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

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in the time, form and manner as required by law; that payment in full for this Bond has been received; and that this Bond and the issue of which it forms a part does not exceed or violate any constitutional or statutory limitation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by the manual or facsimile signature of its [_____] and attested by the manual or facsimile signature of its [_____].

Housing Authority of the City of San
Diego

[SEAL]

By _____
[Title]

ATTEST:

By _____
[Title]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

Date of Authentication: _____

U.S. Bank Trust Company, National Association

By: _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
(Please insert Social Security Number or other identifying number of assignee)

(Please print or Typewrite Name and Address of Assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed

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

Signature

NOTICE: The Signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B
INTENTIONALLY OMITTED

EXHIBIT C

FORM OF PURCHASER'S LETTER

[To be prepared on letterhead of Purchaser]

[Date]

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101

U.S. Bank Trust Company, National Association
633 W. Fifth Street, 24th Floor
Los Angeles, California 90071

Re: Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

Ladies and Gentlemen:

The undersigned (the “**Purchaser**”) hereby acknowledges receipt as transferee, from the previous owner thereof, of the above-referenced bonds (the “**Bonds**”) in fully registered form and in the aggregate principal amount of \$_____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in financing a multifamily rental housing development known as “Sea Breeze Gardens” located in San Diego, California (the “**Project**”), as more particularly described in that certain Financing Agreement dated as of [June] 1, 2024, as may be amended and supplemented from time to time (the “**Financing Agreement**”), by and among the Housing Authority of the City of San Diego (the “**Issuer**”), Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California (the “**Borrower**”), and U.S. Bank Trust Company, National Association (the “**Trustee**”). The undersigned further acknowledges that the Bonds are secured by a certain Trust Indenture dated as of [June] 1, 2024, as amended and supplemented (the “**Indenture**”), between the Issuer and the Trustee, which creates a security interest in loan repayments made pursuant to the Financing Agreement for the benefit of the holders and Owners of the Bonds, and by a first lien priority Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing with respect to the Project (the “**Bond Mortgage**”), which creates a security interest in the Project, subject to permitted encumbrances, as provided therein. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is an “accredited investor” under Regulation D of the Securities Act of 1933 (the “Act”) or a “qualified institutional buyer” under Rule 144(a)

of said Act (such “accredited investor” or “qualified institutional buyer”, a “Qualified Transferee”), and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

2. The Bonds are being acquired by the Purchaser for its own account and for investment and not with a view to, or for resale in connection with, any public distribution of the Bonds. The Purchaser 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 due to unmarketability of the Bonds.

3. The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933 (the “Act”).

4. The Purchaser acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project. To the extent deemed appropriate in making its investment decision, the Purchaser has discussed the Borrower’s financial condition and the Borrower’s current and proposed business activities with the Borrower. The Purchaser further acknowledges that it has such knowledge and experience in business matters that it is fully capable of evaluating the merits and risks of this investment and it is able to bear the economic risk of the investment. The Bonds are a security of the kind the Purchaser wishes to purchase and hold for investment, and the nature and amount of the Bonds are consistent with the Purchaser’s investment program. The Purchaser has been furnished such information and such documents as the Purchaser deems necessary to make a decision to purchase the Bonds, including copies or forms of the Indenture, the Financing Agreement, the Bond Mortgage and the Regulatory Agreement (as defined in the Indenture), and certain other documents relating to the Bonds and the Project, all of which documents the Purchaser has reviewed. Specifically, but without limitation, the Purchaser has reviewed information about the Project and the property manager for the Project, if any, as well as information about the investment risks relating to the Bonds, and the Purchaser understands that the Bonds involve a high degree of risk. SPECIFICALLY, AND WITHOUT IN ANY MANNER LIMITING THE FOREGOING, THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT, AMONG OTHER RISKS, THE BONDS ARE PAYABLE SOLELY FROM REVENUES DERIVED FROM THE PROJECT. The Purchaser has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes.

5. The Purchaser has received from the Issuer no formal or informal offering or disclosure document relating to the Bonds and has concluded that the receipt of one prior to the purchase of the Bonds is not required. It is acknowledged that no written information has been provided by the Issuer, and that any written information furnished by any other party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. Except as disclosed to the Issuer, the Purchaser is not now and has never been controlled by, or under common control with, the Borrower. Except as disclosed to the Issuer, the Borrower has never been and is not now controlled by the Purchaser. THE PURCHASER HAS ENTERED INTO NO ARRANGEMENTS WITH THE BORROWER OR WITH ANY AFFILIATE OF THE BORROWER IN CONNECTION WITH THE BONDS, OTHER THAN

AS DISCLOSED TO THE ISSUER. The Purchaser hereby agrees to deliver to the Issuer a copy of any agreement between the Purchaser and the Borrower or any affiliate of the Borrower relating to the Bonds. [THIS PARAGRAPH TO BE DELETED IN THE EVENT OF PURCHASE OF BONDS BY BORROWER OR AN AFFILIATE OF BORROWER.]

7. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

8. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other aspects of the transactions, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the refinancing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to the Trustee to secure repayment of the Bonds.

9. The Purchaser understands that the Bonds are not secured by any pledge of any money received or to be received from taxation by the State of California or any political subdivision or taxing district thereof, including, without limitation, the Issuer; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the Issuer, the State of California or any political subdivision thereof for the payment of principal, premium, if any, and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

10. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction and (ii) will not be listed on any stock or other securities exchange.

11. The Purchaser has obtained, from representatives of the Borrower and others, all information regarding the Bonds which it has deemed relevant. The Purchaser has asked of the Borrower and all other relevant parties all the questions to which the Purchaser desired answers, and has had those questions satisfactorily answered. Neither the Borrower nor the Issuer nor any other relevant party has refused to disclose any information that the Purchaser deems necessary or appropriate to its decision to purchase the Bonds.

12. Although the Purchaser does not intend at this time to dispose of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to the following requirements:

(a) The Purchaser may not dispose of the Bonds to a person or entity other than as described in Section 1 without the prior written consent of the Issuer;

(b) The Purchaser will not sell or otherwise transfer the Bonds unless such transfer will not result in the transferee owning less than all of the Bonds, except with the prior written approval of the Issuer;

(c) Prior to any transfer of the Bonds, the Purchaser shall deliver to the Issuer and the Trustee a certificate identifying any and all documents that have been executed by the Purchaser and the Borrower or any affiliate of the Borrower with respect to the Bonds; and

(d) The Purchaser will not sell or otherwise transfer the Bonds without requiring the transferee to deliver to the Issuer and to the Trustee an investor's letter to the same effect as this Purchaser's Letter, including this paragraph 12, with no revisions except as may be approved in writing by the Issuer.

[PURCHASER]

By: _____
Name: _____
Title: _____

EXHIBIT D

**COSTS OF ISSUANCE REQUISITION
(Cost of Issuance Fund)**

U.S. Bank Trust Company, National Association, as Trustee

Re: \$75,000,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

Trustee:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “**Requisition**”). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture (the “**Indenture**”), dated as of [June] 1, 2024, by and between the Housing Authority of the City of San Diego and U.S. Bank Trust Company, National Association, as trustee, securing the above referenced Bonds.

REQUISITION NO.:
PAYMENT DUE TO:
AMOUNT TO BE DISBURSED: \$

The undersigned, on behalf of Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California (the “**Borrower**”), certifies that:

- (a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and
- (b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation
its sole member and manager

By: _____
Mark A. Wiese, President

EXHIBIT E

**BOND MORTGAGE LOAN FUND REQUISITION
(Bond Mortgage Loan Fund)**

U.S. Bank Trust Company, National Association, as Trustee

Re: \$75,000,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

You are requested to disburse funds from the Bond Mortgage Loan Fund pursuant to Section 4.02 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “**Requisition**”). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture (the “**Indenture**”), dated as of [June] 1, 2024, by and between the Housing Authority of the City of San Diego and U.S. Bank Trust Company, National Association, as trustee, securing the above referenced Bonds.

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT(S) TO BE DISBURSED: \$ _____ from the Project Account
\$ _____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Servicer to submit this Requisition to Trustee on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.
2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to _____, 20__).
3. The undersigned certifies that:
 - a. the conditions precedent to disbursement set forth in the Rehabilitation Escrow Agreement have been satisfied;
 - b. the disbursement requested pursuant to this Requisition will be used solely to pay a cost or costs allowable under the Indenture and the Rehabilitation Escrow Agreement;
 - c. none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Bond Mortgage Loan Fund and all such items have been properly recorded in Borrower’s books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which

reimbursement is requested and invoices or bills of sales for all other items;

- d. all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Rehabilitation Escrow Agreement and all Applicable Legal Requirements (as defined in the Rehabilitation Escrow Agreement);
- e. the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest;
- f. all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Financing Agreement and the Tax Certificate, including that none of the proceeds of the Bonds (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;
- g. with respect to amounts from the Project Account of the Bond Mortgage Loan Fund, not less than 95% of the sum of:
 - (A) the amounts requisitioned by this Requisition; plus
 - (B) all amounts previously requisitioned and disbursed from the Project Account of the Bond Mortgage Loan Fund and amounts reasonably expected to be requisitioned and disbursed from the Project Account of the Bond Mortgage Loan Fund;have been or will be applied by Borrower to pay the Costs of the Project;
- h. Borrower is not in default under the Financing Agreement, the Rehabilitation Escrow Agreement or any other Bond Mortgage Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents;
- i. no amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the issuance of the Bonds or pay debt service with respect to the Bond Mortgage Loan; and
- j. Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items may not be required for Initial Disbursement]

4. Estimated costs of completing the uncompleted Repairs (as defined in the Rehabilitation Escrow Agreement) as of the date of this Requisition:
_____.
5. Percent of the Improvements completed as of the date this request: _____%
6. The Borrower certifies that monthly occupancy for the month preceding this Requisition was _____, as indicated by the **attached rent roll** which is true, correct and complete.
7. The Borrower certifies that net operating income for the month preceding this Requisition was _____, as indicated by the **attached operating statement**.

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date first above written.

Date: _____

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation
its sole member and manager

By: _____
Mark A. Wiese, President

APPROVED:

[SELLER/SERVICER SIGNATURE BLOCK]

By: _____
Name:
Title:

FINANCING AGREEMENT

among

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

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

and

**SEA BREEZE GARDENS PRESERVATION LP,
as Borrower**

Relating to

**\$75,000,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS)
SERIES 2024E**

Dated as of [June] 1, 2024

All of the right, title and interest of the Housing Authority of the City of San Diego (except for its Unassigned Rights) in and to this Financing Agreement are being assigned to U.S. Bank Trust Company, National Association, as Trustee, as security for the above-referenced bonds pursuant to a certain Trust Indenture dated as of [June] 1, 2024.

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EXHIBIT A—FORM OF BOND MORTGAGE NOTE

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “**Financing Agreement**”) is made and entered into as of [June] 1, 2024, by and among the **Housing Authority of the City of San Diego** (the “**Issuer**”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “**State**”), **U.S. Bank Trust Company, National Association**, a national banking association, duly organized and existing under the laws of the United States (together with any successor trustees appointed under the Indenture, the “**Trustee**”), and **Sea Breeze Gardens Preservation LP**, a limited partnership duly organized and existing under the laws of the State of California (together with its successors and assigns permitted hereunder, the “**Borrower**”).

RECITALS

A. Pursuant to the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “**Act**”) and the Trust Indenture dated as of [June] 1, 2024 (the “**Indenture**”) between the Issuer and the Trustee, the Issuer has determined to issue its Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**Bonds**”) in the original aggregate principal amount of \$75,000,000 to provide for the financing of a multifamily rental housing development located at 4802-4890 Logan Avenue in San Diego, California known as “Sea Breeze Gardens” (the “**Project**”).

B. The Issuer has agreed to use the proceeds derived from the sale of Bonds to make a mortgage loan in the principal amount of \$75,000,000 (the “**Bond Mortgage Loan**”) to the Borrower in connection with the Project on the terms specified in this Financing Agreement and upon the satisfaction of various conditions contained herein and in the Indenture.

C. The Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance the acquisition and rehabilitation of the Project and to pay certain costs of issuance of the Bonds.

D. The Borrower’s repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated [_____] (together with all riders and addenda thereto, the “**Bond Mortgage Note**”) delivered to the Issuer, which Bond Mortgage Note will be endorsed by the Issuer to the Trustee pursuant to the Indenture.

E. The Borrower will cause to be delivered to the Trustee on the date of initial issuance of the Bonds (the “**Delivery Date**”) a direct pay Credit Enhancement Agreement dated as of even date herewith (the “**Credit Enhancement Agreement**”) between the Federal Home Loan Mortgage Corporation (“**Freddie Mac**” or the “**Credit Facility Provider**”) and the Trustee which will provide for draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan.

F. To evidence the Borrower’s reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement, the Borrower and Freddie Mac will enter into a Reimbursement and Security Agreement dated as of even date herewith (the “**Reimbursement Agreement**”).

G. To secure the Borrower's obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Issuer a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith (the "**Bond Mortgage**") with respect to the Project, which Bond Mortgage will be assigned to the Trustee pursuant to the Indenture.

H. To secure the Borrower's reimbursement obligations to Freddie Mac under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith (the "**Reimbursement Mortgage**") with respect to the Project.

I. Berkadia Commercial Mortgage LLC (the "**Servicer**") will act as servicer for the Bond Mortgage Loan.

J. The Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of even date herewith (the "**Intercreditor Agreement**") in connection with Freddie Mac's provision of the Credit Enhancement Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All words and phrases (except for Event of Default) defined in the Indenture shall have the same meanings for the purposes of this Financing Agreement. In addition to the words and phrases defined in the Indenture and elsewhere herein, the following words and phrases shall have the following meanings:

"*Equity Investor*" means Berkadia Housing Partnership XI 2022 LP, a Delaware limited partnership, its successors and assigns.

"*Event of Default*" means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

"*Financing Agreement*" means this Financing Agreement, together with any amendments hereto.

"*Taxes*" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

“*Wrongful Dishonor*” means the failure of the Credit Facility Provider to honor a draw made in accordance with the terms of the Credit Facility (which draw strictly complies with, and conforms to, the terms and conditions of the Credit Facility).

Section 1.2 Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Financing Agreement are the Articles, sections and other subdivisions of this Financing Agreement as originally executed.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Financing Agreement; the term “heretofore” means before the date of execution of this Financing Agreement; and the term “hereafter” means after the date of execution of this Financing Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1 Representations, Warranties and Covenants of the Issuer. The Issuer makes the following representations, warranties and covenants:

(a) The Issuer is a public body, corporate and politic, duly organized and validly existing under the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Financing Agreement, the Indenture, and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Issuer has taken all action on its part for the issuance of the Bonds and for the sale, execution and delivery thereof.

(d) Each of the Bond Financing Documents to which the Issuer is a party has been duly validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors’ rights generally and the application of equitable principles.

(e) The Issuer has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of the Issuer described or contemplated in the Bond Financing Documents. The execution and delivery of the Bonds and the Bond Financing Documents to which the Issuer is a party, the consummation of the transactions on the

part of the Issuer contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Issuer is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the Issuer of, and performance by the Issuer of its obligations under, the Bond Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer, by or before any court, governmental agency or public board or body, nor, to the Issuer's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the governing body of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Bond Financing Documents or the issuance, sale, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of the Bonds or any Bond Financing Document; (iv) questions the tax-exempt status of the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under the Bonds or any Bond Financing Document, or to carry out the transactions contemplated by the Bonds and the Bond Financing Documents.

(h) No officer or other official of the Issuer has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Financing Agreement.

(i) Upon the discovery by the Issuer of any noncompliance by the Borrower with this Financing Agreement or the Regulatory Agreement, the Issuer will notify the Trustee, the Servicer and the Credit Facility Provider of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Trustee to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Indenture, this Financing Agreement and the Regulatory Agreement.

It is expressly acknowledged that the Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Bonds, or as to the correctness, completeness or accuracy of such statements.

Section 2.2 *Representations, Warranties and Covenants of the Borrower.* The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Financing Agreement, are relied upon by the Issuer, the Credit Facility Provider, the Servicer and the Trustee and serve as a basis for the undertakings of the Issuer, the Servicer and the Trustee contained in this Financing Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Financing Agreement and the other Bond Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Bond Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Financing Agreement and the other Bond Financing Documents. All corporate general partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Bond Financing Documents to which it is a party.

(c) Each of the Bond Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Bond Financing Documents.

(e) None of the execution and delivery of the Bond Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Bond Financing Documents, or the Borrower's fulfillment of or compliance with the

terms and conditions of the Bond Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Bond Financing Documents.

(f) Within the six (6) month period preceding the Delivery Date, the Borrower has not acquired the Project or any interest therein, nor has the Borrower transferred or acquired any capital interest in the owner of the Project. The Borrower shall not cause or permit the Project, or any interest therein, to be sold, assigned or transferred, except as provided in the Bond Financing Documents, and shall not sell the Project or any interest therein or in its ownership structure for a period of six (6) months following the Delivery Date.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Bond Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, or the loaning of the proceeds of the Bonds to the Borrower or the execution and delivery of the Bonds or any of the Bond Financing Documents, (iv) adversely affect the validity or enforceability of the Bonds or any of the Bond Financing Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(h) The Project and the operation of the Project (in the manner contemplated by the Bond Financing Documents) conform and, following completion of the rehabilitation of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning (or in the case of zoning, are legally non-conforming), planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(i) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(j) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Bond Financing Documents or the operations of the Borrower or the enforceability of the Bond Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(k) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(l) If the Borrower is a partnership, all of the general partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and except for the purchase option granted by the Investor Limited Partner to the administrative general partner, there are no outstanding options or rights to purchase or acquire those interests. If the Borrower is a limited liability company, all of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Financing Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(m) The representations and warranties of the Borrower contained in the Tax Certificate and Regulatory Agreement are true and accurate in all material respects.

(n) The information, statements or reports furnished in writing to the Issuer, the Servicer and the Credit Facility Provider by the Borrower in connection with this Financing Agreement or the consummation of the transactions contemplated hereby (including, without limitation, any written information furnished by the Borrower in connection with the preparation of the Official Statement for the Bonds and of any other materials related to the issuance, delivery or offering of the Bonds on the Delivery Date) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or the assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(o) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Bond Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Bond Financing Documents.

(p) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project other than an option to purchase the Project held by the administrative general partner of the Borrower in accordance with the Borrower's partnership agreement.

(q) The Project is located wholly within the boundaries of the City of San Diego, California.

(r) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Borrower shall operate the Project as required by the Regulatory Agreement.

(s) The information contained in the Official Statement, insofar as such information relates to the Borrower, the developer, the property manager and the Project, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact pertaining to the Borrower, the developer, the property manager and the Project necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(t) The Indenture and the Credit Enhancement Agreement have been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the drafting of the Indenture and has reviewed the Credit Enhancement Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Indenture.

(u) The Borrower will have a fee simple interest in the land and improvements on the Project, subject only to liens permitted under the Bond Mortgage and the Reimbursement Mortgage.

(v) The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on the Issuer, the Trustee, the Credit Facility Provider or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Financing

Documents or otherwise relied on the Issuer, the Trustee, the Credit Facility Provider or the Servicer in any manner.

Section 2.3 *Representations and Warranties of the Trustee.* The Trustee makes the following representations and warranties:

(a) The Trustee is a national banking association, duly organized and existing under the laws of the United States. The Trustee is duly authorized to act as a fiduciary and to execute the trust created by the Indenture, and meets the qualifications to act as Trustee under the Indenture.

(b) The Trustee has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Financing Agreement and the other Bond Financing Documents to which it is a party, (ii) to perform its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Financing Agreement and the other Bond Financing Documents to which it is a party.

(c) The Trustee has duly authorized (i) the execution and delivery of this Financing Agreement and the other Bond Financing Documents to which it is a party, (ii) the performance by the Trustee of its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, and (iii) the actions of the Trustee contemplated by this Financing Agreement and the other Bond Financing Documents to which it is a party.

(d) Each of the Bond Financing Documents to which the Trustee is a party has been duly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The Trustee meets the qualifications to act as Trustee under the Indenture.

(f) The Trustee has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Trustee described or contemplated in the Bond Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Trustee as a prerequisite to (i) the execution and delivery of this Financing Agreement and the other Bond Financing Documents to which the Trustee is a party, (ii) the authentication or delivery of the Bonds, (iii) the performance by the Trustee of its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, or (iv) the consummation of the transactions

contemplated by this Financing Agreement and the other Bond Financing Documents to which the Trustee is a party. The Trustee makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.4 *Arbitrage and Rebate Fund Calculations.* The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Indenture, and (b) if required to do so under Section 4.12 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 4.12 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.5 *Tax Covenants of the Borrower.* The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Bonds to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Bonds and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Code and the related regulations of the United States Treasury, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Bonds becoming includable in gross income for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee, the Credit Facility Provider and the Servicer.

(f) The full amount of each disbursement from the Project Account of the Bond Mortgage Loan Fund will be applied to pay or to reimburse the Borrower for the

payment of Costs of the Project and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Bonds will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land; none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(g) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Regulatory Agreement;

(h) All leases will comply with all applicable laws and the Regulatory Agreement;

(i) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Financing Agreement or the Regulatory Agreement;

(j) No proceeds of the 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) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds;

(k) From the proceeds of the Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Bonds, will be used for Costs of Issuance of the Bonds, all within the meaning of Section 147(g)(1) of the Code; and

(l) No proceeds of the 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.

(m) Neither the Borrower nor any related party to the Borrower (as defined in Treasury Regulation 1.150-1(b)) will purchase any of the Bonds in an amount related to the obligation represented by this Financing Agreement. This covenant shall survive the defeasance of the Bonds and shall remain in effect until the payment in full of the Bonds.

In the event of a conflict between the terms and requirements of this Section 2.5 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

Section 2.6 *Enforcement of Bond Financing Documents.* The Trustee may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Bond Financing Documents as and to the extent set forth therein.

ARTICLE III

THE BOND MORTGAGE LOAN

Section 3.1 *Conditions to Funding the Bond Mortgage Loan.* On the Delivery Date, the Issuer shall cause the Bond proceeds to be deposited with the Trustee in accordance with Section 2.11 of the Indenture and Section 3.3 hereof. The Trustee shall use such proceeds as provided in Article II of the Indenture, provided that no such disbursements of proceeds of the Bonds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Issuer the Bond Mortgage Note in the form attached hereto as *Exhibit A*, with only such changes therein as shall be approved in writing by the Credit Facility Provider and the Issuer shall have endorsed the Bond Mortgage Note to the Trustee;

(b) The Bond Mortgage and the Reimbursement Mortgage, with only such changes therein as shall be approved in writing by Credit Facility Provider, shall have been executed and delivered by the Borrower and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the “**Recorder’s Office**”);

(c) The Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder’s Office, and the Trustee shall have received evidence satisfactory to it of such delivery;

(d) The Credit Facility and all other Bond Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Trustee; and

(e) The Borrower shall have delivered to the Trustee, the Issuer, the Credit Facility Provider and the Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.2 hereof and an opinion of its counsel or other counsel satisfactory to the Trustee, the Issuer, the Credit Facility Provider and the Servicer.

Section 3.2 *Terms of the Bond Mortgage Loan; Servicing.* (a) The Bond Mortgage Loan shall (i) be evidenced by the Bond Mortgage Note; (ii) be initially secured by the Credit Facility and the Bond Mortgage; (iii) be in the principal amount of \$75,000,000; (iv) bear interest as provided in the Bond Mortgage Note; (v) provide for principal and interest payments in accordance with the Bond Mortgage Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Bond Mortgage Note.

(b) The Servicer shall service the Bond Mortgage Loan pursuant to the Commitment and the *Guide*. The Issuer, the Trustee and the Borrower acknowledge and agree that (i) selection or removal of any Servicer is in the sole and absolute discretion of the Credit Facility Provider; (ii) neither the Issuer nor the Trustee shall terminate or attempt to terminate any Servicer as the servicer for the Bond Mortgage Loan or appoint or attempt to appoint a substitute servicer for the Bond Mortgage Loan; (iii) the Commitment and the *Guide* are each subject to amendment without the consent of the Trustee, the Issuer or the Borrower; and (iv) none of the Trustee, the Issuer or the Borrower shall have any rights under, or be a third party beneficiary of, the *Guide*. The Servicer shall have the right to collect all payments made by the Borrower in connection with the Bond Mortgage Loan and to receive copies of all reports and notices provided for by the Bond Financing Documents.

Section 3.3 *Initial Deposits.* On the Delivery Date, proceeds of the Bonds in the amount of \$[] shall be deposited in the Project Account of the Bond Mortgage Loan Fund [and \$[] shall be transferred from the Project Account for deposit to the Cost of Issuance Fund]. The Borrower will deposit or cause to be deposited with the Trustee the sum of \$[] for credit to the Cost of Issuance Fund and \$[] for credit to the Borrower Equity Account of the Bond Mortgage Loan Fund. Subject to the conditions listed in Section 3.1 hereof, amounts on deposit in the Bond Mortgage Loan Fund are to be disbursed to the Borrower or otherwise as provided in Section 2.11(d) of the Indenture.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of issuing the Bonds, the Borrower shall cause the payment of such additional costs of issuing the Bonds to be made on its behalf as such amounts become due.

Section 3.4 *Assignment to Trustee.* The parties hereto acknowledge, and the Borrower consents to, the assignment by the Issuer to the Trustee pursuant to the Indenture of all of the Issuer's right, title and interest in this Financing Agreement (excluding the Unassigned Rights), the Bond Mortgage Loan, the Bond Mortgage, the Revenues and the Credit Facility as security for the payment of the principal of, premium, if any, and interest on the Bonds and the payment of the Freddie Mac Credit Enhancement Fee and Freddie Mac Reimbursement Amount.

Section 3.5 *Investment of Funds.* Except as otherwise provided in the Indenture, any money held as a part of any fund or account established under the Indenture shall be invested or reinvested by the Trustee in Qualified Investments in accordance with Section 4.08 of the Indenture.

Section 3.6 *Damage; Destruction and Eminent Domain.* If, prior to payment in full of the Bonds, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Issuer, the Borrower, the Trustee or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Bond Mortgage Loan Documents and the Indenture.

Section 3.7 Continuing Disclosure Requirement. The Borrower hereby covenants and agrees it will promptly execute and deliver to the Trustee and the Issuer an agreement to deliver such information and reports and give notice of the occurrence of certain events consistent with the requirements of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Rule**”). Notwithstanding any other provision of this Financing Agreement, failure of the Borrower to comply with any continuing disclosure agreement shall not be considered an Event of Default hereunder; however, the Trustee, at the written request of any underwriter of the Bonds required to comply with the Rule or the Owners of at least 25% aggregate principal amount in Outstanding Bonds or the Credit Facility Provider, shall, but only to the extent indemnified to its satisfaction, or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with its obligations under this Section 3.7.

ARTICLE IV

LOAN PAYMENTS

Section 4.1 Payments Under the Bond Mortgage Note; Independent Obligation of Borrower.

(a) The Borrower agrees to repay the Bond Mortgage Loan as provided in the Bond Mortgage Note, and in all instances at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption (with premium, if applicable), acceleration or otherwise. The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note shall be credited against the Borrower’s obligations hereunder on a dollar for dollar basis. If for any reason the Bond Mortgage Note or any provision of the Bond Mortgage Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Bond Mortgage Note or such provision of the Bond Mortgage Note shall be deemed to be the obligation of the Borrower pursuant to this Financing Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower’s payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Bond Mortgage Note.

The Borrower acknowledges and agrees that the Servicer may collect monthly payments from the Borrower with respect to the Bond Mortgage Loan in accordance with the Reimbursement Agreement, but such payments shall not be credited against the principal or interest due with respect to the Bond Mortgage Loan or the Bond Mortgage Note until and only to the extent such amounts are used to reimburse the Credit Facility Provider for amounts paid under the Credit Facility to pay principal of or interest on the Bonds.

(b) The obligations of the Borrower to repay the Bond Mortgage Loan, to perform all of its obligations under the Bond Mortgage Loan Documents, to provide indemnification

pursuant to Section 6.1 hereof, to pay costs, expenses and charges pursuant to Section 4.2 hereof and to make any and all other payments required by this Financing Agreement, the Indenture or any other documents contemplated by this Financing Agreement or by the Bond Mortgage Loan Documents shall, subject to the limitations set forth in Section 5.1 hereof, be absolute and unconditional and shall not be subject to diminution by setoff, recoupment, counterclaim, abatement or otherwise.

(c) Notwithstanding anything contained in any other provision of this Financing Agreement to the contrary (but subject to the provisions of Section 5.1 hereof and the Intercreditor Agreement), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and each of the Borrower's general partners (but not recourse to any of the Borrower's general partners' members, directors, officers, shareholders, partners or affiliates), payable from and enforceable against any and all income, assets and properties of the Borrower: (i) the Borrower's obligations to the Issuer and the Trustee under subsections (b)(ii), (b)(iv), (b)(vi), and (b)(vii) of Section 4.2 hereof; (ii) the Borrower's obligations under Sections 2.5 and 6.1 of this Financing Agreement; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Bonds and fees and expenses of the Rebate Analyst as provided in Sections 2.4 and 4.3 of this Financing Agreement and the Tax Certificate; and (iv) the Borrower's obligation to pay legal fees and such expenses under Section 7.4 hereof.

Section 4.2 *Payment of Certain Fees and Expenses Under the Bond Mortgage Note.*

(a) In addition to the payments set forth in Section 4.1 hereof, payments to be made by the Borrower under the Bond Mortgage Note include certain money to be paid in respect of, among others, the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in any Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents, as set forth in subsection (b) of this Section 4.2. To the extent that any portion of the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in a Custodial Escrow Account remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Indenture or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.2.

(b) The Borrower shall pay (or cause to be paid by the Trustee, to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable), in consideration of the funding of the Bond Mortgage Loan, the following fees, expenses and other money payable in connection with the Bond Mortgage Loan:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, the closing fee of Freddie Mac set forth in Section 3.1 of the Reimbursement Agreement, together with all third

party and out-of-pocket expenses of Freddie Mac (including but not limited to the reasonable fees and expenses of counsel to Freddie Mac) in connection with the Bond Mortgage Loan and the Credit Enhancement Agreement.

(ii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Issuer, an initial financing fee in an amount equal to \$[_____], together with all third party and out-of-pocket expenses of the Issuer (including but not limited to the reasonable fees and expenses of counsel to the Issuer) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Servicer, its commitment fees and application fees, together with all third party and out of pocket expenses of the Servicer (including but not limited to the reasonable fees and expenses of counsel to the Servicer) in connection with the Bond Mortgage Loan.

(iv) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Trustee, an acceptance fee in an amount equal to \$[_____], together with all third party and out-of-pocket expenses of the Trustee (including but not limited to the reasonable fees and expenses of counsel to the Trustee) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(v) From money of the Borrower, to the Trustee, within two (2) Business Days of receipt from the Trustee of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Indenture, the amount of any such deficiency in the Administration Fund.

(vi) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Trustee, the Ordinary Trustee's Fees and Expenses and the Extraordinary Trustee's Fees and Expenses when due from time to time.

(vii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Issuer, the Issuer Fee when due and any extraordinary expenses not covered by the Issuer Fee the Issuer may incur in connection with the Bond Financing Documents or the Project from time to time.

(viii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rebate Analyst, the reasonable fees and expenses of such Rebate

Analyst in connection with the computations relating to arbitrage rebate required under the Indenture and this Financing Agreement when due from time to time.

(ix) From amounts withheld by the Servicer as provided in the Guide, to Freddie Mac, the Freddie Mac Credit Enhancement Fee due from time to time.

(x) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, the amount of any Freddie Mac Reimbursement Amount due and owing from time to time but unpaid and any portion of the Freddie Mac Credit Enhancement Fee remaining unpaid as provided in Section 4.06 of the Indenture.

(xi) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the Ordinary Servicing Fees and Expenses due from time to time.

(xii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Servicer, the amount of any portion of the Ordinary Servicing Fees and Expenses remaining unpaid and any Extraordinary Servicing Fees and Expenses.

(xiii) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the amounts required to be deposited in a Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents from time to time.

(xiv) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Servicer, the amounts required to be deposited in the Custodial Escrow Account remaining unpaid.

(xv) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Dissemination Agent, if any, the Dissemination Agent's Fee when due from time to time.

(xvi) From money on deposit in the Administration Fund, or to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rating Agency, the annual rating maintenance fee, if any, of the Rating Agency.

(xvii) From money of the Borrower on the Delivery Date, the Costs of Issuance Deposit.

(xviii) From money of the Borrower on the Delivery Date, the Borrower Equity Deposit.

Section 4.3 *Payments to Rebate Fund.* The Borrower shall pay when due to the Trustee at the Principal Office of the Trustee any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Indenture.

Section 4.4 *Prepayment of Bond Mortgage Loan.* The Borrower shall have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the outstanding Bonds in accordance with the provisions of the Indenture, this Financing Agreement and the Bond Mortgage Note, and only with the prior written consent of the Credit Facility Provider and the payment of any amount due under the next succeeding paragraph. The Borrower shall be required to prepay the Bond Mortgage Loan in each case that Bonds are required to be redeemed in accordance with the terms and conditions set forth in the Indenture.

The Bonds are subject to redemption in accordance with the terms and conditions set forth in the Indenture. In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower shall pay, or cause to be paid to the Servicer or other party as directed by the Credit Facility Provider (or, if no Credit Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility, and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the redemption date, together with a sum sufficient to pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under this Financing Agreement, the Indenture and the Reimbursement Agreement. The Borrower shall provide notice of the prepayment to the Issuer, the Trustee, the Credit Facility Provider and the Servicer in writing forty-five (45) days, or such shorter time as is possible in the case of mandatory prepayments, prior to the date on which the Borrower will make the prepayment. Each such notice shall state, to the extent such information is available, (a) the amount to be prepaid, (b) the date on which the prepayment will be made by the Borrower, and (c) the cause for the prepayment, if any.

Section 4.5 *Borrower's Obligations Upon Redemption.* In the event of any redemption, the Borrower will timely pay, or cause to be paid through the Servicer, to the Trustee an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the redemption date and premium, if any, such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility. In addition, the Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds.

Section 4.6 *Credit Facility Reimbursement Fund.* Under the Reimbursement Agreement, the Borrower may be required to make monthly interest payments and principal deposits to the Servicer for remittance to the Trustee for deposit into the Credit Facility Reimbursement Fund. Amounts on deposit in the Credit Facility Reimbursement Fund shall be held solely for the benefit of the Credit Facility Provider and shall be applied as provided in the Indenture.

Amounts on deposit in the Credit Facility Reimbursement Fund shall not be credited against the principal amount of the Bond Mortgage Note or be deemed to be interest payments

on the Bond Mortgage Loan until the date such amounts are withdrawn from the Credit Facility Reimbursement Fund and used to reimburse the Credit Facility Provider for amounts paid under the Credit Facility to redeem or otherwise pay principal of or interest on the Bonds.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.1 *Performance of Obligations.* The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Bond Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Except with respect to the obligations of the Borrower set forth in Sections 2.4, 2.5, 4.2(b)(ii), 4.2(b)(iv), 4.2(b)(vi), 4.2(b)(vii), 4.3, 6.1 and 7.4 hereof, but otherwise notwithstanding any other provisions of this Financing Agreement, the obligations of the Borrower under this Financing Agreement are non-recourse liabilities of the Borrower. However, nothing in this Section 5.1 shall limit the right of the Issuer, the Trustee, the Servicer or the Credit Facility Provider to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket reasonable attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Financing Agreement or the other Bond Financing Documents. In any action or proceeding brought with respect to the Bond Mortgage Loan or the Bonds, no deficiency or other money judgment shall be enforced against the Borrower or any partner of the Borrower or any successor or assign of the Borrower, and any judgment obtained shall be enforced only against the Project and other property of the Borrower encumbered by the Bond Mortgage Loan Documents and not against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. Nothing in this Section 5.1 shall limit any right that the Servicer or the Credit Facility Provider may have to enforce the Bond Mortgage Note, the Bond Mortgage, or any other Bond Mortgage Loan Document in accordance with their terms.

Section 5.2 *Compliance With Applicable Laws.* All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.3 *Indenture Provisions.* The execution of this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

Section 5.4 *No Alternate Credit Facility.* The Borrower shall not be permitted to replace the Credit Enhancement Agreement as the Credit Facility for the Bonds.

Section 5.5 *Borrower to Maintain Its Existence; Certification of No Default.*

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Bond Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Trustee a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Bond Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Bond Financing Document) under any of the Bond Financing Documents.

Section 5.6 *Borrower to Remain Qualified in State and Appoint Agent.* The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.7 *Sale or Other Transfer of Project.* Subject to the Intercreditor Agreement, the Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Bond Mortgage Loan Documents, and upon receipt of the prior written consent of the Issuer and the Credit Facility Provider.

Section 5.8 *Right to Perform Borrower's Obligations.* In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Trustee and/or the Servicer, after giving requisite notice, if any, and subject to the Intercreditor Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Trustee or the Servicer shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Bond Mortgage Loan Documents.

Section 5.9 *Notice of Certain Events.* The Borrower shall promptly advise the Issuer, the Trustee, the Credit Facility Provider and the Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10 *Survival of Covenants.* The provisions of Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 hereof shall survive the expiration or earlier termination of this Financing Agreement and, with regard to the Trustee, the resignation or removal of the Trustee.

Section 5.11 *Access to Project; Records.* Subject to reasonable notice and the rights of tenants at the Project, the Issuer, the Trustee, the Servicer and the Credit Facility Provider, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Bond Mortgage Loan

and the Borrower's compliance with the terms and conditions of the Bond Financing Documents; b) to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Bond Mortgage Loan and the Borrower's compliance with the terms and conditions of the Bond Financing Documents; and c) to require the Borrower, at the Borrower's sole expense, (i) to furnish such documents to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, as the Issuer, the Trustee, the Servicer or the Credit Facility Provider, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Bond Financing Documents have been complied with and (ii) to make copies of any records that the Issuer, the Trustee, the Servicer or the Credit Facility Provider or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, such information concerning the Project, the Bond Mortgage and the Bond Financing Documents as any of them may reasonably request.

Section 5.12 *Regulatory Agreement.* The covenants of the Borrower in the Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the owners of the Bonds and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Regulatory Agreement. The Borrower covenants to file of record the Regulatory Agreement and such other documents and take such other steps as are necessary in order to assure that the restrictions contained in the Regulatory Agreement will, subject to the terms of the Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Regulatory Agreement. Subject to the provisions of the Intercreditor Agreement, the Issuer and the Trustee shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Regulatory Agreement or this Financing Agreement.

Section 5.13 *Damage, Destruction and Condemnation.* If prior to full payment of the Bonds (or provision for payment of the Bonds in accordance with the provisions of the Indenture) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Financing Agreement and in the Bond Mortgage Note to the extent the Bond Mortgage Loan is not prepaid in accordance with the terms of the Bond Mortgage Loan Documents.

Section 5.14 *Obligation of the Borrower To Acquire and Rehabilitate the Project.* The Borrower shall proceed with reasonable dispatch to complete the acquisition, rehabilitation, development and equipping of the Project. If amounts on deposit in the Bond Mortgage Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of such acquisition, rehabilitation, development and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee, the Servicer, the Credit Facility Provider or the Bondholders in respect of any such costs or to any diminution or abatement in the repayment of

the Bond Mortgage Loan. Neither of the Trustee nor the Issuer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Bond Mortgage Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and neither of the Trustee nor the Issuer shall be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed.

Section 5.15 *Filing of Financing Statements.* The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Bond Mortgage Loan, the Trust Estate and the Bond Mortgage, and the rights and powers of the Issuer, the Trustee and the Credit Facility Provider in connection with such security interests. The Borrower shall cooperate with the Trustee in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements.

ARTICLE VI

INDEMNIFICATION

Section 6.1 *Indemnification.* The Borrower shall indemnify, hold harmless and defend the Issuer and the Trustee, and their respective commissioners, officers, members, directors, officials, agents and employees and each of them from and against: (i) any and all third party claims by or on behalf of any person except the Borrower, Issuer, or Trustee, arising from any cause whatsoever in connection with the acceptance and administration of the trusts created by the Indenture, this Financing Agreement, the Regulatory Agreement and the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, the financing of the Project or the making of the Bond Mortgage Loan, other than claims established to be caused by the gross negligence or willful misconduct of the Trustee or the willful misconduct of the Issuer or their respective officers, members, directors, officials, agents or employees; (ii) any and all third party claims arising from any act or omission of the Borrower or any of their agents, servants, employees or licensees, in connection with the Bond Mortgage Loan or the Project; and (iii) all reasonable costs, counsel fees, or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer, the Trustee or any of their respective commissioners, officers, members, directors, officials or employees, 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 reasonably selected by the indemnified party and reasonably acceptable to the Borrower and the payment of all reasonable expenses related thereto; provided, if the claim alleges Trustee negligence, the Trustee shall assume such investigation and defense, and the expenses thereof, as they relate to the claim against the Trustee; and, provided further, that no settlement of a claim or proceeding against an indemnified party shall occur without the consent of such party, and no settlement of a claim or proceeding for which the Borrower has an indemnification obligation under this Section 6.1 shall occur without the Borrower's written consent, provided an event of default by the Borrower has not occurred and is continuing. The rights of the Trustee and the Issuer under this Section 6.1 shall survive resignation or removal of the Trustee and final payment or defeasance of the Bonds.

Section 6.2 *Limitation With Respect to the Credit Facility Provider.* Notwithstanding anything in this Financing Agreement to the contrary, in the event that the Credit Facility Provider shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Bond Mortgage Loan, the Credit Facility Provider shall not be liable for any breach or default of any prior owner of the Project under this Financing Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Credit Facility Provider is the owner of the Project. Accordingly, during any period that the Credit Facility Provider owns the Project and that this Article VI is applicable to the Credit Facility Provider, the Credit Facility Provider's obligations under this Article VI shall be limited to acts and omissions of the Credit Facility Provider occurring during the period of the Credit Facility Provider's ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 *Events of Default.* The following shall be "**Events of Default**" under this Financing Agreement and the term "Event of Default" shall mean, whenever it is used in this Financing Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Bond Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Issuer for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Financing Agreement, the Bond Mortgage Note or the Bond Mortgage at the times and in the amounts required by this Financing Agreement, the Bond Mortgage Note and the Bond Mortgage, as applicable;

(c) The Borrower's failure to observe and perform any of its other covenants, conditions or agreements contained herein, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given by the Issuer or the Trustee to the Borrower; provided, however, that if the failure shall be such that it can be corrected but not within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; or

(d) The occurrence of an event of default (after expiration of any notice and cure period, if applicable) under the Reimbursement Agreement shall at the discretion of the Credit Facility Provider constitute an Event of Default under this Financing Agreement but only if the Trustee is provided written notice thereof by the Credit Facility Provider that an Event of Default has occurred under the Reimbursement Agreement and the Trustee is instructed by the Credit Facility Provider that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the

discretion of the Credit Facility Provider constitute a default under the Bond Mortgage Loan Documents and the Reimbursement Agreement.

Nothing contained in this Section 7.1 is intended to amend or modify any of the provisions of the Bond Financing Documents or to bind the Issuer, the Trustee, the Servicer or the Credit Facility Provider to any notice and cure periods other than as expressly set forth in the Bond Financing Documents.

Section 7.2 Remedies on Default. Subject to Section 7.6 hereof and provisions of the Intercreditor Agreement, whenever any Event of Default hereunder shall have occurred and be continuing, the Trustee or the Issuer where so provided may take any one or more of the following remedial steps:

(a) The Issuer shall cooperate with the Trustee as the Trustee acts pursuant to Section 6.02 of the Indenture.

(b) In the event any of the Bonds shall at the time be Outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may, without being required to give any notice (other than to the Issuer or the Trustee, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(d) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under this Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Financing Agreement.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken under this Section 7.2 shall be applied in accordance with the provisions of the Indenture.

The provisions of this Section 7.2 are subject to the further limitation that if, after any Event of Default hereunder all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder, and shall have paid the reasonable charges and expenses of the Issuer, the Trustee, the Servicer and the Credit Facility Provider, including reasonable attorneys' fees paid or incurred in connection with such default, and shall have paid all amounts then due to the Credit Facility Provider, including, but not limited to, any Freddie Mac Reimbursement Amounts and Freddie Mac Credit Enhancement Fees, and if there shall then be no default existing under the Indenture, then and in every such case such Event of Default

hereunder shall be waived and annulled, but no such waiver or annulment shall affect any subsequent or other Event of Default or impair any right consequent thereon.

Section 7.3 *No Remedy Exclusive.* No remedy conferred upon or reserved to the Issuer or the Trustee by this Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Financing Agreement.

Section 7.4 *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Borrower should default under any of the provisions of this Financing Agreement and the Issuer, the Trustee, the Servicer or the Credit Facility Provider should employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Financing Agreement or in the Bond Mortgage Note, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.5 *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Financing Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.6 *Rights of Credit Facility Provider.* Notwithstanding anything herein to the contrary, as long as a Wrongful Dishonor has not occurred with respect to the Credit Facility, none of the Issuer, the Trustee or any other person shall, upon the occurrence of an Event of Default hereunder or an event of default under any other Bond Financing Document, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan, except at the written direction of the Credit Facility Provider; provided that this prohibition shall not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Regulatory Agreement in order to provide for operation of the Project in accordance with the Code and the laws of the State, including the Act; and provided further that this prohibition shall not be construed to limit the rights of the Issuer, the Trustee or the Servicer or any indemnified party under Section 6.1 hereof to enforce its rights against the Borrower under Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 hereof by mandamus or other suit, action or proceeding at law or in equity where such suit, action or proceeding does not seek any remedies under or with respect to the Bond Mortgage or cause acceleration of the Bond Mortgage Loan.

Section 7.7 *Equity Investor Notice and Cure Rights.* Notwithstanding anything herein to the contrary, any cure of an Event of Default made or tendered by the Equity Investor 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. Whenever in this Financing Agreement the giving of notice for an Event of Default is required, a copy of such notice shall be delivered by Issuer or

Trustee to the Equity Investor at Berkadia Housing Partnership XI 2022 LP, Two Liberty Place, 50 South 16th Street, Suite 2825, Philadelphia, PA 19102, Attention: Managing Director and Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116, Attention: Sara C. Heskett.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 *Notices.*

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

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.05 of the Indenture or upon receipt of such notice or other communication delivered by facsimile transmission as required or permitted by this Financing Agreement (receipt of which shall be evidenced by confirmation of transmission). The Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Credit Facility Provider and a duplicate copy of each notice or other communication given hereunder by any party to the Credit Facility Provider shall be given to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission or Electronic Notice of written instructions and/or directions pursuant to this Financing Agreement.

(b) The Trustee shall provide to the Credit Facility Provider and the Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such information or other communication.

Section 8.2 *Concerning Successors and Assigns.* All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Financing Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns

of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Financing Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Issuer, the Trustee, the Servicer and the Credit Facility Provider.

Section 8.3 *Governing Law.* This Financing Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the laws of the State and, where applicable, the laws of the United States of America.

Section 8.4 *Modifications in Writing.* Modification or the waiver of any provisions of this Financing Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Credit Facility Provider and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given and so long as the interests of any Bondholders are not adversely affected and the Trustee consents in writing thereto. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.5 *Further Assurances and Corrective Instruments.* The Issuer, the Trustee and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Credit Facility Provider) for correcting any inadequate or incorrect description of the performance of this Financing Agreement.

Section 8.6 *Captions.* The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Financing Agreement.

Section 8.7 *Severability.* The invalidity or unenforceability of any provision of this Financing Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.8 *Counterparts.* This Financing Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.9 *Amounts Remaining in Bond Fund or Other Funds.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund or other funds and accounts established under the Indenture upon expiration or sooner termination of the term hereof, shall be paid in accordance with the Indenture.

Section 8.10 *Effective Date and Term.* This Financing Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Indenture shall terminate.

Section 8.11 *Cross References.* Any reference in this Financing Agreement to an “Exhibit,” an “Article,” a “Section,” a “Subsection” or a “Paragraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Financing Agreement, an article of this Financing Agreement, a section of this Financing Agreement, a subsection of the section of this Financing Agreement in which the reference appears and a paragraph of the subsection within this Financing Agreement in which the reference appears. All exhibits attached to or referred to in this Financing Agreement are incorporated by reference into this Financing Agreement.

Section 8.12 *Credit Facility Provider and Servicer as Third-Party Beneficiaries.* The parties hereto agree and acknowledge that the Credit Facility Provider and the Servicer are third party beneficiaries of this Financing Agreement.

Section 8.13 *Reserved.*

Section 8.14 *Non-Liability of Issuer.* The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other money and assets received by the Trustee on behalf of the Issuer pursuant to this Financing Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member thereof is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Financing Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 8.15 *No Liability of Officers.* No recourse under or upon any obligation, covenant, or agreement or in any Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bonds, of any sum that may be due and unpaid by the Issuer upon any of the Bonds. Any and all personal liability of every

nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bonds, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Financing Agreement and the issuance of the Bonds.

Section 8.16 *Capacity of the Trustee.* The Trustee is entering into this Financing Agreement solely in its capacity as Trustee and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Trustee under the Indenture. The Trustee shall be responsible only for the duties of the Trustee expressly set forth herein and in the Indenture.

Section 8.17 *Reliance.* The representations, covenants, agreements and warranties set forth in this Financing Agreement may be relied upon by the Issuer, the Trustee, Bond Counsel, the Servicer and the Credit Facility Provider. In performing their duties and obligations under this Financing Agreement and under the Indenture, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee under this Financing Agreement and under the Indenture in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Financing Agreement (other than the Issuer) that:

(a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Borrower as to the existence of a fact or state of affairs required under this Financing Agreement to be noticed by the Issuer;

(b) the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee, the Credit Facility Provider, the Servicer or the Borrower, as applicable; and

(c) none of the provisions of this Financing Agreement shall require the Issuer or the Trustee to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Financing Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Financing Agreement, all as of the date first set forth above.

**HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO**

By: _____
[NAME, TITLE]

[ISSUER'S SIGNATURE PAGE TO SEA BREEZE GARDENS FINANCING AGREEMENT]

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

By _____
Name:
Title:

[TRUSTEE'S SIGNATURE PAGE TO SEA BREEZE GARDENS FINANCING AGREEMENT]

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation, its sole member and manager

By: _____
Mark A. Wiese, President

[BORROWER'S SIGNATURE PAGE TO SEA BREEZE GARDENS FINANCING AGREEMENT]

EXHIBIT A

FORM OF BOND MORTGAGE NOTE

Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E

BOND MORTGAGE NOTE

US \$[_____] [_____] , 2024

FOR VALUE RECEIVED, the undersigned, Sea Breeze Gardens Preservation LP, a California limited partnership (the “**Borrower**”), promises to pay to the order of the Housing Authority of the City of San Diego (the “**Issuer**”), and its assigns, the principal sum of [AMOUNT OF BONDS] (US \$[_____]), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Note is issued pursuant to that certain Financing Agreement dated as of [June] 1, 2024, among the Issuer, U.S. Bank Trust Company, National Association (the “**Trustee**”) and the Borrower (together with any and all amendments, modifications, supplements and restatements, the “**Financing Agreement**”) pursuant to which the Issuer has made a mortgage loan in the principal amount of this Note to the Borrower (the “**Bond Mortgage Loan**”), and this Note is entitled to the benefits of the Financing Agreement and subject to the terms, conditions and provisions thereof. The Bond Mortgage Loan was funded with proceeds from the Issuer’s Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**Bonds**”) issued pursuant to the Trust Indenture dated as of [June] 1, 2024 (the “**Indenture**”) between the Issuer and the Trustee.

1. **Defined Terms.** As used in this Note, (i) the term “Lender” means the holder of this Note, and (ii) the term “Indebtedness” means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note. “Event of Default” and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Financing Agreement or the Indenture.

2. **Payments of Principal and Interest.** All payments under this Note shall be due on, and shall be made on dates, in amounts, at times and in a manner which corresponds with the Issuer’s obligation to make or provide for payments under the Bonds, and to that end, the Borrower agrees to make payments under this Note at all times in amounts sufficient to enable the Trustee, on behalf of the Issuer, to make timely payment, when due, of the principal of, premium, if any, on, and interest on, the Bonds, whether at maturity, by acceleration, on redemption or otherwise, all as provided in the Bonds and in the Indenture.

The Borrower’s repayment obligations under the Financing Agreement and this Note shall be reduced from time to time by and to the extent of any amounts drawn under the Credit Facility (as defined in the Indenture) and applied to the payment of debt service on the Bonds, provided that such reductions shall be credited only at the times and to the extent the Borrower

has reimbursed the Credit Facility Provider (as defined in the Indenture) fully for such amounts. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Bonds. Notwithstanding anything to the contrary contained herein or the Financing Agreement, the payments in respect of the Bond Mortgage Loan evidenced hereby shall be sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest on the Bonds at any time outstanding.

3. **Payment of Fees and Expenses; Other Required Payments.** The Borrower shall also pay fees and expenses under Section 4.2 of the Financing Agreement, rebate amounts under Sections 2.4 and 4.3 of the Financing Agreement and indemnification amounts under Section 6.1 of the Financing Agreement, as well as any other amounts owed under the Financing Agreement, when due and in accordance with the terms and provisions set forth therein.

4. **Manner of Payment; Deficiencies.** All payments under this Note shall be made in lawful currency of the United States and in immediately available funds. The Borrower shall make its payments under this Note in Eligible Funds if and to the extent that the Indenture, the Financing Agreement or this Note requires such amount to be available to the Trustee in Eligible Funds. In the event of any deficiency in the funds available under the Indenture for payment of the principal of, premium, if any, or interest on the Bonds when due, the Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Issuer, the Servicer or the Trustee. The Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by the Borrower under this Note, any loss due to a default under any investment held by the Trustee, a change in value of any such investment or otherwise.

5. **Application of Payments.** If at any time the Lender receives, from the Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Lender, in the Lender's discretion. The Borrower agrees that neither the Lender's acceptance of a payment from the Borrower in an amount that is less than all amounts then due and payable nor the Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. **Security.** The Indebtedness is secured by, among other things, a multifamily mortgage, assignment of rents and security agreement dated as of the date of this Note (the "**Bond Mortgage**"). Reference is made to the Bond Mortgage for other rights of the Lender as to collateral for the Indebtedness.

7. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Lender, as governed by the Indenture, without any prior notice to the Borrower. The Lender may exercise this option to accelerate regardless of any prior forbearance.

8. **Limits on Personal Liability.** Except as otherwise provided in Section 5.1 of the Financing Agreement, payments under this Note are a nonrecourse obligation of the Borrower and the Lender's only recourse for the satisfaction of the Indebtedness shall be the Lender's exercise of its rights and remedies with respect to the Project and any other collateral held by the Lender as security for the Indebtedness. This limitation on the Borrower's liability shall not limit or impair the Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of the Borrower.

9. **Prepayment.** This Note is subject to prepayment as specified in the Financing Agreement and the Indenture.

10. **Costs and Expenses.** The Borrower shall pay all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys, and fees and out-of-pocket expenses of expert witnesses and costs of investigation, incurred by the Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Bond Mortgage Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or nonjudicial foreclosure proceeding.

11. **Forbearance.** Any forbearance by the Lender in exercising any right or remedy under this Note or any other document evidencing or securing the Bond Mortgage Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Lender of any security for the Borrower's obligations under this Note shall not constitute an election by the Lender of remedies so as to preclude the exercise of any other right or remedy available to the Lender.

12. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Borrower and all endorsers and guarantors of this Note and all other third-party obligors.

13. **Loan Charges.** If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Bond Mortgage Loan is interpreted so that any interest or other charge provided for herein or in any other document evidencing or securing the Bond Mortgage Loan, whether considered separately or together with other charges provided for in any such other document, violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation.

14. **Commercial Purpose.** The Borrower represents that the Indebtedness is being incurred by the Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

15. **Governing Law.** This Note shall be governed by the law of the State of California (the “**Property Jurisdiction**”).

16. **Captions.** The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

17. **Address for Payment.** All payments due under this Note shall be payable at the principal office of the Trustee as designated in the Indenture, or such other place as may be designated by written notice to the Borrower from or on behalf of the Lender.

18. **Consent to Jurisdiction and Venue.** The Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction in which the Project is located. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

19. **Waiver of Trial by Jury.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE BORROWER AND THE LENDER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS THE LENDER AND THE BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. EACH PARTY SEPARATELY GIVES THIS WAIVER OF RIGHT TO TRIAL BY JURY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

20. **Assignment.** The Borrower acknowledges that this Note is being assigned by the Issuer to the Trustee for the Bonds.

[Signature page follows]

IN WITNESS WHEREOF, the Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation, its sole member and manager

By: _____
Mark A. Wiese, President

Borrower's Employer ID No. 93-2340428

ASSIGNMENT

Pay to the order of U.S. Bank Trust Company, National Association, without recourse or warranty, as Trustee under the Indenture referred to in the attached Note.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
[NAME, TITLE]

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Sea Breeze Gardens) Series 2024E**

GUARANTOR INDEMNIFICATION

This Guarantor Indemnification (this “**Indemnification**”) is delivered as of [CLOSING DATE], by the undersigned (the “**Guarantor**”) for the benefit of the Housing Authority of the City of San Diego (the “**Authority**”) and the Indemnified Parties (as hereinafter defined). Capitalized terms used and not otherwise defined herein have the meanings given to them in the Regulatory Agreement and Declaration of Restrictive Covenants (the “**Regulatory Agreement**”), dated as of [June] 1, 2024, by and between the Authority and Sea Breeze Gardens Preservation LP, a California limited partnership (the “**Borrower**”), relating to the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E in the principal amount of \$75,000,000 (the “**Bonds**”).

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

- (i) the Bonds, the Indenture, Financing Agreement, the Regulatory Agreement or any of the other Bond Mortgage Loan Documents (as defined in the Indenture) and all documents related thereto, or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or remarketing of the Bonds;
- (ii) any act or omission of the Borrower or the Guarantor, or any of their respective agents, contractors, servants, employees or licensees in connection with the Bond Mortgage Loan or the Project, the acquisition, rehabilitation or equipping of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition and rehabilitation of the Project or any part thereof;
- (iii) any lien or charge upon payments by the Borrower or the Guarantor to the Authority or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority in respect of any portion of the Project;
- (iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;
- (v) the defeasance and/or prepayment, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure document for the Bond Mortgage Loan or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

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

except to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Guarantor, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Guarantor shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Guarantor if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

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

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

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

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

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

GUARANTOR

LINCOLN AVENUE CAPITAL LLC, a Delaware limited liability company

By: _____
Russell Condas
Vice President

LINCOLN AVENUE CAPITAL MANAGEMENT, LLC, a Delaware limited liability company

By: _____
Russell Condas
Vice President

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Brian C. Haroldson, Esq.**

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

**SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership**

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

Dated as of [June] 1, 2024

Relating to:

**\$75,000,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Sea Breeze Gardens)
Series 2024E**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “**Regulatory Agreement**”), dated as of [June] 1, 2024, by and among 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**”), Sea Breeze Gardens Preservation LP, a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “**Borrower**”), and U.S. Bank Trust Company, National Association, a national banking association, organized and operating under the laws of the United States of America, as trustee under the Indenture (the “**Trustee**”).

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, rehabilitation and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the “**City**”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”)); and

WHEREAS, on [May 21], 2024, the legislative body of the Authority adopted a resolution (the “**Resolution**”) authorizing the issuance of revenue bonds in connection with financing the acquisition, rehabilitation, and equipping of a 268-unit (including [one] manager’s unit) multifamily rental housing project located in the City; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority proposes to issue its Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**Bonds**”) under a Trust Indenture, dated as of [June] 1, 2024 (as supplemented and amended from time to time, the “**Indenture**”), between the Issuer and the Trustee; and

WHEREAS, the Authority has agreed to use the proceeds of the sale of the Bonds to make a mortgage loan (the “**Bond Mortgage Loan**”) in the principal amount of \$75,000,000 to the Borrower, pursuant to the terms of the Indenture and the Financing Agreement, dated as of [June] 1, 2024, by and among the Authority, Borrower, and Trustee (as supplemented and amended from time to time, the “**Financing Agreement**”), to enable the Borrower to finance the acquisition, rehabilitation and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee ("**CDLAC**"); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"Adjusted Income" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Affiliate" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" means the San Diego County, California, Primary Metropolitan Statistical Area.

"Authority Fee" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$[187,500.00] and (ii) the ongoing administrative fee payable every 12 months, commencing [June] 1, 2025, in an amount equal to (A) prior to the completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, 0.125% of the original principal amount of the Bonds, and (B) following the completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, 0.125% of the principal amount of the Bonds outstanding immediately after completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00 or more than \$62,500.00.

"Bond Mortgage Loan" has the meaning given to it in the recitals hereto.

"Bonds" has the meaning given to it in the recitals hereto.

“Borrower’s Cost Certificate” means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

“CDLAC” has the meaning given to it in the recitals hereto.

“CDLAC Resolution” means Resolution No. 23-302 adopted by CDLAC on December 6, 2023, awarding an allocation of \$75,000,000 to the Project, 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” has the meaning given to the term “Delivery Date” in the Indenture.

“Code” has the meaning given to it in the recitals hereto.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Financing Agreement” means the Financing Agreement, dated as of [June] 1, 2024, by and among the Authority, the Trustee, and the Borrower, as amended, supplemented or restated from time to time.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Indenture” has the meaning given to it in the recitals hereto.

“Inducement Date” means July 21, 2023, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed \$75,000,000 in connection with the Project.

“Investor Limited Partner” means Berkadia Housing Partnership XI 2022 LP, a Delaware limited partnership, or its successors and assigns.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Closing Date.

"Project" means the Project Facilities and the Project Site.

"Project Costs" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation 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 rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"Project Facilities" mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

"Project Site" means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining.

"Qualified Project Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost;

and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of rehabilitation of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §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.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Trustee” means U.S. Bank Trust Company, National Association, or its successors and assigns.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm

training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Rehabilitation 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, rehabilitate and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Bonds.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, rehabilitation and equipping of the Project and the disbursement of Bond proceeds are accurately set forth in the Borrower’s Cost Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, rehabilitation and equipping of the Project and expects to expend the full amount of the proceeds of the Bond Mortgage Loan for Project Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority 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 Financing 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 subsections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, rehabilitated and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager’s unit[s] described in (g) below) will be available for rental on a continuous basis to members of the general public, and the

Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) 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, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of [one] unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the portion of the Bond Mortgage Loan funded by the Bonds and cause the Bonds to be prepaid or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the 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 and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

<u>Unit Size</u>	<u>Household Size</u>
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 Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official

statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the

Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than 10% (i.e., 27) of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the 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 Trustee, to comply fully with the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service 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 Bonds.

(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 Trustee, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the

execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the 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 Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Bonds are used in a manner such that the Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The 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 Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Borrower shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 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 Bonds would have caused the 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 Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Bonds, will be used for costs of issuance of the Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Trustee are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for said fees.

(p) The proceeds of the Bonds will be allocated to expenses actually paid with proceeds of the 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 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 Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the 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 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 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 Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) [Reserved.]

(s) The Borrower acknowledges that if a reissuance of the Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Trustee or its designee should the Trustee or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Financing Documents.

Section 6. Modification of Special Tax Covenants. The Borrower, the Authority and the Trustee 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, Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority, the Trustee, and Borrower, 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 Bonds.

(c) The Borrower, the Authority and, if applicable, the Trustee, 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 unless directed in writing by the Authority or the Borrower, the Trustee shall take no action under this subsection without first notifying the Borrower or the Authority, or both of them, as is applicable, and without first providing the Borrower or the Authority, or both, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this subsection (c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Authority.

Section 7. Indemnification. The Borrower hereby releases the Authority, the Trustee, and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, the Trustee, and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”) from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys’ fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Bond Mortgage 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 Bond Mortgage Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification

in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture, the Financing Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, rehabilitation or equipping of, the Project or any part thereof; and (f) arising out of or in connection with the Authority's or Trustee's exercise of their respective powers or duties under the Financing Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Authority or Trustee is a party; except (1) in the case of the foregoing indemnification of the Trustee or any of its 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, reasonable 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 Trustee or any of its 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 and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall have the sole right and duty to assume, and will

assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Authority or Trustee in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and neither the Authority nor 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 Bond Mortgage Loan.

Section 8. Consideration. The Authority has agreed to issue the Bonds to provide funds to make the Bond Mortgage Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority and the Trustee may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the

Trustee 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 or 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. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Authority with respect to the occurrence or absence of a default.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project (other than an option to purchase the Project held by the administrative general partner of the Borrower in accordance with the terms of the Borrower's Partnership Agreement), and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (which consent shall not be unreasonably withheld or delayed) and receipt by the Authority 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 Financing Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement; (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement; (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Bond Financing Documents to which the Borrower is a party that requires the Borrower to obtain the consent of any other party to such Bond Financing Documents as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives such other party the right to accelerate the maturity of the Bond Mortgage Loan under the Financing Agreement, or to take some other similar action with respect to the Bond Mortgage Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture), whereby the Trustee or any of its designees, or a third-party purchaser from the Trustee or any of its designees, becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Trustee or any of its designees, or any such third-party purchaser, to foreclose on the Project or to accept a deed in

lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 60 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of the Authority: (a) a transfer of the limited partner interests in the Borrower; (b) the removal and replacement of the general partner(s) of the Borrower (the "**General Partner**") pursuant to the terms of the Partnership Agreement; (c) the transfer of limited partner interests to the General Partner or any affiliate of the General Partner; 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)(iii) 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, Financing Agreement and Bond Mortgage 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, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee 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 Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture) or condemnation or a similar event, but in either case only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties hereto mutually intend the

previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Authority or the Trustee to the Borrower and the Investor Limited Partner (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Trustee 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 Bonds), then the Authority or the Trustee may declare an "**Event of Default**" to have occurred hereunder and shall provide written notice thereof to the Borrower, and, at the Authority's option, the Authority or the Trustee, at the Authority's written direction, may take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or

(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.

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 Credit Facility Provider, 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 Trustee 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 Trustee and Issuer (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 Financing 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 Bond Financing Documents except as may be otherwise specified, as applicable, in the Bond Financing Documents.

The rights of the Trustee under this Section are in addition to all rights conferred upon the Trustee under the Indenture and other Bond Financing 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 Indenture.

Notwithstanding anything herein to the contrary, any cure of an Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 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 Trustee 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 Bond Mortgage Loan or a redemption in full of the Bonds, 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 reasonable compensation for any services rendered by it hereunder and reimbursement for all expenses reasonably incurred by it 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 Trustee's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are redeemed 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 redemption of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the U.S. Treasury security of the closest maturity to 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 redemption, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Credit Facility Provider or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Credit Facility Provider shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Notwithstanding anything contained in this Regulatory Agreement or any other Bond Financing Document, under no circumstances shall the Authority Fee exceed any limitation under Section 148 of the Code.

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 only with the prior written consent of 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 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: _____
Reference: Sea Breeze Gardens

The Authority: San Diego Housing Commission/Housing Finance
1122 Broadway, Suite 300
San Diego, California 92101
Attention: Jennifer Kreutter
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: Brian C. Haroldson
Facsimile: (415) 276-2088

The Borrower: Sea Breeze Gardens Preservation LP
c/o Lincoln Avenue Communities
401 Wilshire Blvd., 11th Floor
Santa Monica, California 90401
Attention: Hanna Jamar and Russell Condas
Email: Hanna@lincolnavcap.com and
rcondas@lincolnavcap.com
Telephone: (424) 222-8253

with a copy to:

PacH Sea Breeze Holdings, LLC
c/o Pacific Housing, Inc.
2115 J Street, Suite 201
Sacramento, California 95816
Attention: Mat Eland
Email: meland@pacifichousing.org
Telephone: (916) 638-5200

with a copy to:

Levitt & Boccio, LLP
423 West 55th Street, 8th Floor
New York, New York 10019
Attention: Eleor Cohen
Email: ecohen@levittboccio.com

with a copy to:

Cox Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attention: Ofer Elitzur
Email: oelitzur@coxcastle.com

If to the Investor Limited Partner: Berkadia Housing Partnership XI 2022 LP
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, Pennsylvania 19102
Attention: Managing Director

If to CDLAC: California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, California 95814
Attention: Executive Director
Email: cdlac@treasurer.ca.gov

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. [Reserved].

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation 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 Project, and no person seeking such damages shall have recourse against the Project or recourse against any of the Borrower's partners, directors, officers, affiliates or agents.

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. CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Bond Financing Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the

Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “**CDLAC Conditions**”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“**CDLAC Compliance Certificate**”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Bonds; (iii) any change in the name of the Project or the property manager; (iv) any default under the Indenture, the Financing Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt

status of the 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: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the 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 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.

Section 29. Freddie Mac Rider. The provisions of the Freddie Mac Rider attached hereto as Appendix G are incorporated by reference as if fully set forth herein. In the event of a conflict between provisions of the Freddie Mac Rider and the provisions of this Regulatory Agreement, the provisions of the Freddie Mac Rider shall control. The provisions of the Freddie Mac Rider shall be terminated automatically and without further action required of any party hereto, the Servicer, or Freddie Mac upon the earlier of (a) the date the Bonds are paid in full, retired, or otherwise defeased and (b) the date that Freddie Mac is not the Credit Facility Provider (as defined in the Indenture).

Section 30. The Trustee. The Trustee shall act as specifically provided herein and no implied duties or obligations shall be read into this Regulatory Agreement against the Trustee, except to the extent as provided in the Indenture. The Trustee shall have no duty to act with respect to enforcement of the Borrower's performance hereunder. The Trustee shall be protected by the provisions in the Indenture.

No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

After the date on which no Bonds remain Outstanding, as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Authority.

IN WITNESS WHEREOF, the Authority and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
[Name, Title]

[signatures continued on next page]

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation, its sole member and manager

By: _____
Mark A. Wiese, President

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

By _____
Name:
Title:

[Notary Pages]

APPENDIX A
LEGAL DESCRIPTION

[Attached]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Sea Breeze Gardens Preservation 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 (Sea Breeze Gardens) Series 2024E, such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of [June] 1, 2024, by and among the Borrower, the Authority, and U.S. Bank Trust Company, National Association (the "Trustee"); and

(b) the Bond Mortgage Note (as defined in the Financing Agreement, dated as of [June] 1, 2024, by and among the Borrower, the Trustee, and the Authority (the "Financing Agreement")), dated [____], 2024, from the Borrower to the Authority, representing the Borrower's obligation to repay the Bond Mortgage Loan (as defined in the Financing Agreement).

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		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].

SEA BREEZE GARDENS PRESERVATION LP,
a California limited partnership

By: Sea Breeze Gardens Preservation GP LLC,
a Delaware limited liability company,
its administrative general partner

By: _____
Russell Condas, Vice President

By: PacH Sea Breeze Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.
a California nonprofit public benefit
corporation, its sole member and manager

By: _____
Mark A. Wiese, President

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

[Form to be confirmed]

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 and Declaration of Restrictive Covenants, by and among Sea Breeze Gardens Preservation, LP, as the Borrower, the Housing Authority of the City of San Diego, and U.S. Bank Trust Company, National Association, as Trustee.

Re: 4802-4890 Logan Avenue, San Diego, CA 92113

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 \$5,000, 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 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: Sea Breeze Gardens

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.: 23-665

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. 23-302 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on December 6, 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: Sea Breeze Gardens
(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.: 23-665
- 3) Name of Bond Issuer: Housing Authority of the City of San Diego
- 4) Name of Borrower: Sea Breeze Gardens Preservation 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 Bond Mortgage Loan to date is \$_____
 - (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
 - (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
 - (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.
- 6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No_____ Yes_____

- (a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ and
 - (b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ .
- 7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.
No_____ Yes_____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds' Issuance Date.)

- (a) Bonds was 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

APPENDIX G

FREDDIE MAC RIDER TO REGULATORY AGREEMENT

This Freddie Mac Rider (the “Rider”) is attached to and forms a part of the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), dated as of [June] 1, 2024, by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the “Authority”), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as bond trustee (together with any successor in such capacity, the “Trustee”), and SEA BREEZE GARDENS PRESERVATION LP, (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Borrower”).

- 1. Definitions.** Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement. In addition, the following terms shall have the following meanings.

“**Bonds**” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E.

“**Bond Mortgage**” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, together with all riders thereto, securing the Bond Mortgage Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

“**Bond Mortgage Loan**” means the loan to the Borrower pursuant to the Bond Mortgage Loan Documents, which Bond Mortgage Loan is to be assigned to the Trustee.

“**Bond Mortgage Loan Documents**” means the Bond Mortgage Note, the Bond Mortgage, the Financing Agreement, the Regulatory Agreement, any Custodial Escrow Agreement, the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage, the Intercreditor Agreement and any and all other instruments documenting, evidencing, securing or otherwise relating to the Bond Mortgage Loan.

“**Bond Mortgage Note**” means the Bond Mortgage Note, including applicable addenda, to be executed by the Borrower in favor of the Authority, evidencing the Borrower’s financial obligations under the Bond Mortgage Loan, and to be endorsed by the Authority, without recourse, to the order of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

“**Financing Agreement**” means the Financing Agreement dated as of [June] 1, 2024, among the Borrower, the Authority and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

“**Freddie Mac**” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

“**Indenture**” means the Trust Indenture, dated as of [June] 1, 2024, between the Authority and the Trustee, pursuant to which the Bonds are issued, as amended, modified, supplemented or restated from time to time.

“**Servicer**” means Berkadia Commercial Mortgage LLC, or any successor Servicer selected by Freddie Mac.

2. **Applicability.** The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.
3. **Indemnification.** Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither Freddie Mac nor any successor in interest to Freddie Mac will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to Freddie Mac. Freddie Mac shall indemnify the Authority following acquisition of the Project by Freddie Mac, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan, during, and only during, any ensuing period that Freddie Mac owns and operates the Project, provided that Freddie Mac’s liability shall be strictly limited to acts and omissions of Freddie Mac occurring during the period of ownership and operation of the Project by Freddie Mac. Freddie Mac shall have no indemnification obligations with respect to the Bonds or the Bond Mortgage Loan Documents. The Borrower shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to Freddie Mac.
4. **Sale or Transfer.** Restrictions on sale or transfer of the Project or of any interest in the Borrower, Authority and/or Trustee consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to Freddie Mac or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Bond Mortgage or any of the other Bond Mortgage Loan Documents that requires the Borrower to obtain the consent of Freddie Mac as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Bond Mortgage. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to Freddie Mac upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan by Freddie Mac, or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. Any written consent to a sale or transfer obtained from the

Authority must be deemed to constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions.

5. Enforcement. Notwithstanding anything contained in the Regulatory Agreement or the Indenture to the contrary:

- (i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Bond Mortgage Loan Documents, except as may be otherwise specified in the Bond Mortgage Loan Documents;
- (ii) neither the Authority nor the Trustee may, upon the occurrence of an event of default under the Regulatory Agreement, seek, in any manner, to (a) cause or direct acceleration of the Bond Mortgage Loan, (b) enforce the Bond Mortgage Note, (c) foreclose on the Bond Mortgage, (d) cause the Trustee to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable or (e) cause the Trustee to take any other action under any of the Bond Mortgage Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (d); and
- (iii) the occurrence of an event of default under this Regulatory Agreement shall not impair, defeat or render invalid the lien of the Bond Mortgage.

No person other than Freddie Mac shall have the right to (a) declare the principal balance of the Bond Mortgage Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Bond Mortgage. The Authority and the Trustee acknowledge the foregoing limitations.

The foregoing prohibitions and limitations are not intended to limit the rights of the Authority or the Trustee to specifically enforce the Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Internal Revenue Code and state law. Accordingly, upon any default by the Borrower, the Authority or the Trustee may seek specific performance of the Regulatory Agreement or enjoin acts which may be in violation of the Regulatory Agreement or unlawful, but neither the Authority nor the Trustee may seek any form of monetary recovery from the Borrower, although the Authority may seek to enforce a claim for indemnification, provided that no obligation of the Borrower under the Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Borrower, occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or otherwise, shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Authority, the Trustee or any other person, and all such obligations shall be, and by this Rider are, subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Bond Mortgage Loan Documents. Accordingly, neither the Authority nor the Trustee shall have the right to enforce any monetary obligation other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the

Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

The obligations of any owner under the Regulatory Agreement shall be personal to the person who was the owner at the time that an event, including, without limitation, any default or breach of the Regulatory Agreement, occurred or was alleged to have occurred, and such person shall remain liable for any and all such obligations, including damages occasioned by a default or breach, even after such person ceases to be the owner of the Project. Accordingly, no subsequent owner of the Project shall be liable or obligated for the obligation of any prior owner (including the Borrower), including, but not limited to, any obligation for payment, indemnification or damages, for default or breach of the Regulatory Agreement or otherwise. The owner of the Project at the time the obligation was incurred, including any obligation arising out of a default or breach of the Regulatory Agreement, shall remain liable for any and all payments and damages occasioned by the owner even after such person ceases to be the owner of the Project, and no person seeking such payments or damages shall have recourse against the Project.

Under no circumstances shall the Authority or the Trustee:

- (i) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Bond Mortgage Loan;
- (ii) interfere with or attempt to influence the exercise by Freddie Mac of any of its rights under the Bond Mortgage Loan, including, without limitation, Freddie Mac's remedial rights under the Bond Mortgage Loan Documents upon the occurrence of an event of default by the Borrower under the Bond Mortgage Loan; or
- (iii) upon the occurrence of an event of default under the Bond Mortgage Loan, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan.

6. **Notice of Violations.** Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Authority or the Trustee shall, by notice in writing to the Borrower, the Servicer and Freddie Mac, inform the Borrower, the Servicer and Freddie Mac that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Authority nor the Trustee shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Bond Mortgage Loan, to enforce the Bond Mortgage Note or to foreclose on the Bond Mortgage.
7. **Amendments.** The Regulatory Agreement shall not be amended without the prior written consent of Freddie Mac.
8. **Fees; Penalties.** Freddie Mac shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by Freddie Mac, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan.

9. **Subordination.** The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 3 through 5, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Bond Mortgage Loan Documents.
10. **Third-Party Beneficiary.** The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Freddie Mac and are entered into for the benefit of various parties, including Freddie Mac. Freddie Mac shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority and/or the Trustee, or to cause the Authority or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, Freddie Mac is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.
11. **Notices.** Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

Berkadia Commercial Mortgage LLC
322 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: _____
Facsimile: (____)____ - ____
Telephone: (____)____ - ____

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B2E
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
E-mail: mfla@freddiemac.com

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
Mail Stop 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel –
Multifamily Legal Division
E-mail: Timothy_ONeill@freddiemac.com
Facsimile: (703) 903-2885
Telephone: (703) 903-2000

with a copy to:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Facsimile: (703) 714-3003
Telephone: (703) 903-2000

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

Ballard Spahr LLP
1909 K Street, NW – 12th Floor
Washington, DC 20006
Attention: P. Andrew Spicknall

Freddie Mac Loan No. 510758444

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

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

and

**FEDERAL HOME LOAN MORTGAGE CORPORATION,
as Freddie Mac**

INTERCREDITOR AGREEMENT

**\$75,000,000
THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SEA BREEZE GARDENS) SERIES 2024E**

Dated as of [June] 1, 2024

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WHEN DOCUMENT HAS BEEN CONFORMED TO DEAL SPECIFICATIONS]**

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT (this “Agreement”) is dated as of [June] 1, 2024 and is made among THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the “Issuer”), **U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION**, in its capacity as trustee (the “Trustee”), and **FEDERAL HOME LOAN MORTGAGE CORPORATION** (“Freddie Mac”).

RECITALS

Pursuant to, and in accordance with, the laws of the State of California (the “State”), and in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), the Issuer has issued its Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E, in the aggregate principal amount of \$75,000,000 (the “Bonds”). The Bonds were issued pursuant to the Trust Indenture dated as of [June] 1, 2024 between the Issuer and the Trustee (the “Indenture”). The proceeds of the Bonds were used by the Issuer to fund a mortgage loan (the “Bond Mortgage Loan”) to Sea Breeze Gardens Preservation LP, a limited partnership duly organized and existing under the laws of the State of California (the “Borrower”) under a Financing Agreement dated as of [June] 1, 2024, among the Issuer, the Trustee and the Borrower (the “Financing Agreement”), and used by the Borrower for the sole and exclusive purpose of financing the acquisition, rehabilitation and equipping of a 268-unit multifamily housing project located in San Diego, California, known as Sea Breeze Gardens, which property is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the “Project”).

The Bond Mortgage Loan is evidenced by the Bond Mortgage Note dated as of [June __], 2024 executed by the Borrower in the amount of \$75,000,000 and payable to the order of the Trustee (the “Bond Mortgage Note”) and the Borrower’s obligations under the Bond Mortgage Note are secured by the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of [June __], 2024 (the “Bond Mortgage”) encumbering the Project, which Bond Mortgage has been recorded in the official records of the San Diego County Public Records (the “Official Records”) prior to the recordation of this Agreement. The Issuer assigned certain of its rights under the Financing Agreement and the Bond Mortgage to the Trustee pursuant to the Indenture.

The Borrower has requested that Freddie Mac execute and deliver to the Trustee a Credit Enhancement Agreement dated as of [June] 1, 2024 (the “Credit Enhancement Agreement”) to provide payment for and secure the payment of amounts owing under the Financing Agreement sufficient to pay the principal and interest on the Bonds. Freddie Mac is executing and delivering the Credit Enhancement Agreement concurrently with the execution of this Agreement.

To evidence the Borrower’s reimbursement obligations to Freddie Mac as a result of payments made by Freddie Mac under the Credit Enhancement Agreement, the Borrower and Freddie Mac are entering into a Reimbursement and Security Agreement (the “Reimbursement Agreement”) contemporaneously with the execution hereof.

The Borrower’s obligations to Freddie Mac under the Reimbursement Agreement will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of [June __], 2024 (the “Reimbursement Mortgage”), encumbering the Project,

which Reimbursement Mortgage will be recorded in the Official Records immediately after the recordation of the Bond Mortgage.

It is a condition to the delivery of the Credit Enhancement Agreement by Freddie Mac that the rights of the Issuer, the Trustee and Freddie Mac to enforce remedies under the Bond Mortgage and the Reimbursement Mortgage, respectively, be established between and among the parties hereto.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises contained herein and in order to induce Freddie Mac to execute and deliver the Credit Enhancement Agreement and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. *Defined Terms.* Unless otherwise defined herein, or unless the context clearly indicates otherwise, each term used in this Agreement including in the Recitals set forth above, and which is defined in the Indenture or the Reimbursement Agreement, as applicable, shall have the meaning given to such term by the Indenture or the Reimbursement Agreement.

As used herein, the following terms shall have the meanings set forth below:

“*Bond Documents*” means, collectively, the Indenture, the Bonds, the Financing Agreement, the Bond Mortgage Note, the Tax Regulatory Agreement, the Bond Mortgage, this Agreement and any other document evidencing or securing the Bonds as such documents shall be amended, modified or supplemented from time to time.

“*Credit Enhancement Documents*” means, collectively, the Reimbursement Agreement, the Reimbursement Mortgage, the Pledge Agreement with respect to the Bonds, and any other document evidencing or securing the obligations of the Borrower pursuant to the Reimbursement Agreement.

“*Tax Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of [June] 1, 2024 by and among the Borrower, the Issuer and the Trustee, to be recorded immediately prior to the Bond Mortgage in the Official Records, together with all supplements thereto.

“*Wrongful Dishonor*” means the failure of Freddie Mac to honor a draw made in accordance with the terms of the Credit Enhancement Agreement (which draw strictly complies with, and conforms to, the terms and conditions of the Credit Enhancement Agreement).

SECTION 2. *Rules of Construction.* The words “hereof,” “herein,” “hereunder,” “hereto,” and other words of similar import refer to this Agreement in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

References to Articles, Sections, and other subdivisions of this Agreement are to the designated Articles, Sections, and other subdivisions of this Agreement as originally executed.

Reference herein to any document or instrument shall be deemed to include any amendments or supplements to, or restatements of, such documents or instrument.

The headings of this Agreement are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

SECTION 3. *Exercise of Rights and Remedies by Freddie Mac.*

A. Until either a Wrongful Dishonor has occurred and is continuing, or the Credit Enhancement Agreement terminates in accordance with its terms and all of the Borrower's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full:

(i) Except as provided in Sections 3(C) and 3(D), without the prior written consent of Freddie Mac, neither the Trustee nor the Issuer may exercise any of its rights and remedies as beneficiary under the Bond Mortgage or as a secured party with respect to the liens and security interests created by the Financing Agreement or take any action to cause a redemption or mandatory tender of the Bonds or to declare the outstanding balance of the Bonds or the Bond Mortgage Note to be due pursuant to the Indenture or the Financing Agreement or to foreclose the lien of the Bond Mortgage, to seek the appointment of a receiver or to collect rents or realize upon any other collateral held as security for the Bonds, declare a default or event of default, or file or join in the filing of any judicial proceeding to collect the indebtedness secured by the Bond Mortgage.

(ii) Any and all consents and approvals of the Trustee as beneficiary required under the Bond Mortgage shall be given only with the prior written consent Freddie Mac, in its sole discretion.

(iii) Freddie Mac and the Trustee shall each be named as a mortgagee on all fire, extended coverage and other hazard insurance policies required under the Bond Mortgage and all proceeds shall be held and applied by Trustee in accordance with this paragraph. The application of the proceeds of insurance or condemnation ("Insurance/Condemnation Proceeds") shall be solely as directed by Freddie Mac in accordance with the terms of the Reimbursement Mortgage and subject to the requirement that excess proceeds remaining after the use of such Insurance/Condemnation Proceeds for the repair, restoration, rebuilding or alteration of the Project and for payment of costs incurred by Freddie Mac in connection with such casualty or condemnation shall be deposited with the Trustee and applied in accordance with the Indenture to reimburse Freddie Mac for a drawing upon the Credit Enhancement Agreement for the purpose of redeeming the Bonds in accordance with the Indenture

(iv) Except as provided in Sections 3(C) and 3(D), any and all demands permitted to be made by the beneficiary under the terms of the Bond Mortgage shall be made only by or at the written direction of Freddie Mac in its sole discretion (the beneficiary may request, however, that Freddie Mac, in its discretion, provide such direction).

(v) Except as provided in Sections 3(C) and 3(D), Freddie Mac, in its sole discretion, shall have the sole right to direct the Trustee to waive or forbear any term, condition, covenant or agreement of the Bond Mortgage applicable to the Borrower as Trustor, or any breach thereof, other than a covenant that might adversely impact the tax-exempt status of the Bonds.

(vi) Except as provided in Sections 3(C) and 3(D), Freddie Mac shall control all of the Bond Mortgage Rights (as such term is defined below) and Freddie Mac shall have the right, power and authority to direct the Trustee with respect to all decisions in connection with the Bond Mortgage, which pursuant to its terms may be made by the beneficiary, except Freddie Mac shall *not* have the right to direct the Trustee to take or refrain from taking action that would adversely impact the tax-exempt status of the Bonds. The parties hereto agree that although all Bond Mortgage Loan payments are required to be made semiannually, the Borrower has agreed to make monthly payments under the Reimbursement Agreement to the Servicer in the manner and at the times set forth in the Reimbursement Agreement. “Bond Mortgage Rights” collectively means, with respect to the Bond Mortgage Loan, all rights of the Issuer, the Trustee and/or the beneficiary under the Bond Mortgage (other than those rights specifically excluded below) including without limitation, the right to receive any and all Bond Mortgage Loan payments thereunder and all of the rights and interests under the Bond Mortgage, and to vest in its independent contractor, including the Servicer, such rights, powers and authority as may be necessary to implement any of the foregoing; “Bond Mortgage Rights” does not mean, and expressly excludes (a) the Issuer’s rights under Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; (b) the right to receive payments relating to the redemption premium of a redeemed Bond; (c) the Issuer’s and the Trustee’s right to require the Borrower to pay rebate, meet continuing disclosure requirements and the right to specifically enforce the Tax Regulatory Agreement; (d) the Trustee’s rights to specifically enforce the Borrower’s obligations to make payments owing to the Trustee pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; and (e) any right of the Issuer to be indemnified pursuant to the Guarantor Indemnification or any Bond Document; *provided, however*, that the enforcement of such rights of the Trustee or the Issuer is limited as provided in Sections 3(C) and 3(D) (such rights are referred to herein as the “Mortgage Retained Rights”).

(vii) The Trustee and the Issuer covenant and agree neither to file nor join in the filing of any involuntary petition involving the Borrower under the federal bankruptcy laws or other federal or state reorganization, receivership, insolvency or similar proceeding without the prior written consent of Freddie Mac.

(viii) Neither the Trustee nor the Issuer shall acquire by subrogation, contract or otherwise any lien upon or other estate, right or interest in the Project or any rents or revenues therefrom that are not subject to the terms of this Agreement.

(ix) Upon the initiation of any liquidation or reorganization of the Borrower or any of the entities comprising Borrower or any of the partners of any such entity (Borrower and all such entities and partners hereinafter collectively referred to as the “Borrower Parties”) in or by the filing of any bankruptcy, insolvency or receivership proceeding or upon the initiation of any involuntary liquidation, dissolution or reorganization proceeding involving a Borrower Party, then, in any such case, any payment or distribution, whether in cash, property or securities, to which Trustee or Issuer would be entitled pursuant to the

Indenture, Bond Mortgage Note, Financing Agreement or Bond Mortgage, shall instead be paid over to Freddie Mac for application as provided in the Reimbursement Agreement until all amounts due to Freddie Mac under the Reimbursement Agreement have been paid in full.

(x) The Trustee and the Issuer irrevocably authorize Freddie Mac to take any action (but Freddie Mac has *no* obligation to take any such action, in which case the Trustee or the Issuer may proceed) with respect to any payment or distribution, whether in cash or securities, as described in Section (ix) above (in the name of Freddie Mac or in the name of the Trustee or Issuer, as Freddie Mac may deem necessary or advisable for the enforcement of the provisions of this Agreement):

(1) demand, sue for, collect and receive every such payment or distribution described in Section (ix),

(2) file claims and proofs of claims in any statutory or non-statutory proceeding,

(3) vote the full amount of the Bond Mortgage Loan in its sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension, and

(4) take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote the amount of the Bond Mortgage Loan at creditors' meetings for the election of trustees, acceptances of plans and otherwise), as Freddie Mac may deem necessary or advisable for the enforcement of the provisions of this Agreement.

The Trustee and the Issuer agree, upon the initiation of any liquidation or reorganization of any Borrower Party by the filing of any bankruptcy, insolvency or receivership proceeding or upon the initiation of any involuntary liquidation, dissolution or reorganization proceeding involving a Borrower Party, and at the sole expense of the Borrower or if the Borrower fails to pay, at the expense of Freddie Mac, promptly

(1) to take such action as may be requested at any time by Freddie Mac to deliver any instruments required to collect the amount of the Bond Mortgage Loan, on demand therefor, and

(2) to execute and deliver such powers of attorney (only with respect to the Trustee), assignments or other instruments as may be requested by Freddie Mac in order to enable Freddie Mac to enforce any and all claims upon or in respect of the Bond Mortgage Loan and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or in respect of the Bond Mortgage Loan.

Nothing herein contained shall be deemed to preclude the Trustee and the Issuer from appearing or being heard in any bankruptcy, insolvency, or other similar proceedings affecting a Borrower Party, nor from collecting from a Borrower Party the full Bond Mortgage Loan amount due to the Trustee and the Issuer (through subrogation to the rights

of Freddie Mac or otherwise) after all amounts due to Freddie Mac under the Reimbursement Agreement and Reimbursement Mortgage shall have been paid in full nor from enforcing, in accordance with this Agreement, the Mortgagee Retained Rights.

For purposes of this Agreement, Freddie Mac's claim or entitlement in any bankruptcy proceeding for post-petition interest shall be senior to the Bond Mortgage Loan and the Bonds and subject to the rights, benefits, terms and provisions of this Agreement as if it were part of the Reimbursement Agreement obligations. The Trustee and the Issuer hereby agree not to seek adequate protection payments in any Borrower or Borrower Party bankruptcy proceeding without the prior written consent of Freddie Mac, which may be granted or withheld by Freddie Mac in its sole discretion. Further, at the sole expense of the Borrower or if the Borrower fails to pay, at the expense Freddie Mac, the Trustee and the Issuer agree to join, and not object to, or otherwise contest any request for relief from the automatic stay of 11 U.S.C. § 362 requested by Freddie Mac in any bankruptcy proceeding of the Borrower, in order to enable Freddie Mac to foreclose or exercise any of its rights or remedies under the Reimbursement Mortgage to the Project.

The authorization of Freddie Mac set forth above in this subsection (x) shall not obligate Freddie Mac to take any such action.

(xi) Upon the occurrence and during the continuation of a default by the Borrower under the Reimbursement Mortgage, all amounts payable (including, but not limited to, any payment pursuant to an assignment of rents) under the Reimbursement Mortgage shall be paid to Freddie Mac (or the then owner of the Reimbursement Mortgage) in full before any payment or distribution, whether in cash or in other property, shall be made to Trustee or Issuer for the purpose of making Bond Mortgage Loan payments under the Financing Agreement. During the continuation of any default under the Reimbursement Mortgage, any payment or distribution, whether in cash or other property, which would otherwise (but for the provisions contained in this Agreement) be payable or deliverable under the Bond Mortgage, shall be paid or delivered directly to Freddie Mac in satisfaction of any amounts payable (including, but not limited to, any payment pursuant to an assignment of rents) under the Reimbursement Mortgage, (including any interest thereon accruing after the occurrence of any such default) until all such amounts shall have been paid in full or the default shall have been cured or waived by Freddie Mac.

(xii) If any payment of the rents or other revenues arising from an assignment of rents contained in the Bond Mortgage or distribution of security or the proceeds of any of the foregoing is collected or received by Issuer or Trustee in contravention of any term, condition or provision of this Agreement, Issuer or Trustee, as applicable, immediately will deliver the same to Freddie Mac, in precisely the form received (except for the endorsement or the assignment by Issuer or Trustee, as applicable, where necessary), and, until so delivered, the same shall be held in trust by Issuer or Trustee, as applicable. The Issuer or Trustee shall not be required to deliver money paid by the Borrower pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement (other than money required to be paid to Freddie Mac pursuant to the provisions of such sections), any other indemnity payments received by the Issuer or any rebate payments due under the Indenture.

(xiii) Trustee or Issuer shall not have any right to contest any of the procedures or actions taken by Freddie Mac to exercise its remedies under the Reimbursement

Agreement or the Reimbursement Mortgage so long as Freddie Mac is in compliance with its agreements hereunder.

B. Freddie Mac shall have the right to delegate to the Servicer any of the Bond Mortgage Rights. Neither Freddie Mac nor the Servicer nor their respective officers, directors, employees or agents shall be liable to the Issuer or the Trustee for any action taken or omitted to be taken in good faith by such party in connection with the Bond Mortgage Loan by reason of such party's control of the Bond Mortgage Rights.

C. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Tax Regulatory Agreement, and if such default remains uncured for a period of 60 days after Borrower and Freddie Mac receive written notice from the Trustee or Issuer stating that a default has occurred pursuant to the Tax Regulatory Agreement, and specifying the nature of the default, the Issuer and the Trustee shall have the right to seek specific performance of the provisions of the Tax Regulatory Agreement, or to exercise their other rights or remedies thereunder; *provided, however*, that the Trustee shall not have the right to accelerate the Bond Mortgage Note or the Bonds, to cause the mandatory tender or redemption of the Bonds, to foreclose under the Bond Mortgage or take any other remedial action under any of the other Bond Documents. The Trustee and the Issuer agree to refrain from the exercise of such permitted remedies if Freddie Mac cures any such default by the Borrower within sixty (60) days after notice to Freddie Mac, if such default is capable of being cured by the payment of money or, in the event of any other default, Freddie Mac commences to cure such default and thereafter diligently proceeds with such cure.

D. If the Borrower defaults in the performance of its obligations to the Issuer pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement or the Borrower's obligation to comply with continuing disclosure requirements or to make payments to the Trustee owed pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement for fees, expenses, rebate or indemnification, the Issuer or the Trustee shall have the right to exercise all its rights and remedies thereunder; *provided, however*, neither the Issuer nor the Trustee shall have the right to accelerate the Bond Mortgage Note or the Bonds, to cause mandatory tender or redemption of the Bonds, to foreclose under the Bond Mortgage or take any other remedial action under any of the other Bond Documents. The Trustee and the Issuer agree to refrain from the exercise of such permitted remedies if Freddie Mac cures any such default by the Borrower within sixty (60) days after receipt by Freddie Mac of written notice of such default, if such default is capable of being cured by the payment of money or, in the event of any other default, Freddie Mac commences to cure such default and thereafter diligently proceeds with such cure, provided that such longer cure period may be agreed to by the Issuer and the Trustee upon receipt of an opinion of Bond Counsel that such period will not adversely affect the exemption of interest on the Bonds from gross income for federal income tax purposes.

E. The Trustee and the Issuer each acknowledges that Freddie Mac or the Servicer may hold cash or other collateral and reserves to secure the Reimbursement Agreement, which collateral and reserves are not available as security for the Bonds. All cash collateral that is held by the Servicer that is primarily held as security for the payment of principal and interest on the Bonds or to reimburse Freddie Mac for payments made under the Credit Enhancement Agreement shall be invested in obligations the interest on which is excludable from gross income for federal income tax purposes. Freddie Mac agrees that it will instruct the Servicer (based upon the

instruction of Bond Counsel) which funds and accounts held by the Servicer are subject to investment yield limitation as described in the Tax Certificate.

F. The Trustee and the Issuer each acknowledges that Freddie may make advances to the Borrower pursuant to the terms of the Reimbursement Agreement and the Reimbursement Mortgage, or any extension, modification, amendment, renewal, consolidation, increase, reinstatement or supplement thereto. The Trustee and the Issuer each acknowledges that the obligations evidenced by the Reimbursement Agreement and secured by the Reimbursement Mortgage, together with accrued interest thereon, plus fees, advances and expenses due and owing by the Borrower thereunder, as applicable, may increase in the future and the agreements of the Trustee and the Issuer set forth in this Agreement shall extend to such amounts that are currently, and that may become, due and owing under the Reimbursement Mortgage.

SECTION 4. *Exercise of Rights and Remedies by Trustee; Transfer of Bond Mortgage Loan.*

A. Upon (a) the occurrence and during the continuation of a Wrongful Dishonor, or (b) upon the termination or replacement of the Credit Enhancement Agreement in accordance with its terms, and no further obligations of the Borrower to Freddie Mac under the Reimbursement Agreement remain outstanding, Freddie Mac shall not exercise the rights and remedies referred to in Section 3 hereof without the prior written consent of the Trustee, and the actions set forth in Section 3 shall be taken by the Trustee in its sole discretion.

(B) Unless a Wrongful Dishonor shall have occurred and be continuing, neither the Trustee nor the Issuer shall, without the prior written consent of Freddie Mac, dispose of the Bond Mortgage Loan or transfer the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage or any other related document or any right or interest in the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage or any other related document other than, in the case of the Trustee, to a successor Trustee pursuant to the terms of the Indenture. As a condition to the effectiveness of any such transfer to a successor trustee, the successor trustee must execute an assumption agreement with respect to this Agreement and the Indenture in form and substance acceptable to Freddie Mac.

SECTION 5. *Application of Money Received Upon Exercise of Remedies under the Bond Mortgage.* Any and all amounts received or collected by the Trustee or Freddie Mac in payment of the Bond Mortgage Loan as a result of the exercise of set-off rights, the liquidation of any security interest created by the Bond Documents or the Credit Enhancement Documents, the sale (by foreclosure, power of sale or otherwise) of the Project under the Bond Mortgage or the exercise of any remedies under any of the Bond Documents or the Credit Enhancement Documents against the Borrower or the Project (including rents received from the appointment of a receiver) shall be held by the Trustee or Freddie Mac, as the case may be, for the benefit of the Trustee and Freddie Mac and will be applied as follows:

A. Until either (i) a Wrongful Dishonor has occurred and is continuing, or (ii) the Credit Enhancement Agreement expires, terminates or is replaced, and the Borrower has no further obligations to Freddie Mac under the Reimbursement Agreement, such money held by the Trustee and Freddie Mac shall be applied in such manner and in such order as Freddie Mac, in its sole discretion, determines, subject, however, to the terms of the Reimbursement Mortgage and Reimbursement Agreement;

B. Upon and following the occurrence and continuance of an event described in clause (A)(i) or clause (A)(ii) of this Section 5, such money held by the Trustee and Freddie Mac shall be applied in such manner and in such order (to the extent permitted by the Bond Documents, the Credit Enhancement Documents and applicable law) as the Trustee, in its sole discretion, determines as required under the terms of the Indenture.

SECTION 6. *Assignment of Rights.* The Issuer and the Trustee each hereby agree that, following a total defeasance of the Bonds, an acceleration of the principal amount of the Bonds or the calling of all Bonds for redemption or the cancellation of the Bonds, when Trustee holds Eligible Funds under the Indenture or in accordance with written instructions provided by Freddie Mac (whether as a result of the payment by Freddie Mac under the Credit Enhancement Agreement or otherwise) in an amount which shall be sufficient to pay

A. the principal of all Bonds then Outstanding and any redemption premium owed (provide Freddie Mac is *not* liable for any premium) and

B. all accrued and unpaid interest on the Bonds then Outstanding to the date of redemption, acceleration or defeasance,

such that the obligation of Freddie Mac under the Credit Enhancement Agreement is deemed to be retired in full in accordance with its terms, then, in such event, the Issuer or the Trustee, as applicable, shall promptly do all of the following (but at the sole cost and expense of the Borrower):

(i) Use all funds drawn under the Credit Enhancement Agreement as may be necessary to promptly redeem, retire or defease all Outstanding Bonds at their face amount plus any accrued interest, and, in the event any excess funds were paid to the Trustee pursuant to a drawing the Credit Enhancement Agreement, return said excess funds to Freddie Mac promptly;

(ii) At the option of Freddie Mac, either reconvey, release and cancel, or assign to Freddie Mac, all of their right, title and interest (other than their rights to be paid for services rendered and to be rendered and for fees and expenses incurred thereunder and to be indemnified pursuant thereto) under the Bond Documents, other than the Tax Regulatory Agreement, and execute, acknowledge and deliver to Freddie Mac such instruments and documents as may be reasonably necessary in connection with such reconveyance, release, cancellation or assignment;

(iii) Deliver to Freddie Mac, in such form and to such place, as Freddie Mac shall designate, all property due Freddie Mac pursuant to the provisions of the Indenture; and

(iv) Return the Credit Enhancement Agreement to Freddie Mac.

SECTION 7. *Substitution of Obligor.*

7.1 The Issuer and the Trustee agree that, should Freddie Mac succeed to the interest of the Borrower in the Project pursuant to a foreclosure sale or otherwise without having implemented the provisions of Section 6, then Freddie Mac shall have the right, but not the obligation, to be the successor to the Borrower for all purposes of the Bond

Documents and Freddie Mac acknowledges and agrees that upon its election to succeed the Borrower, it shall be so treated as successor to the Borrower, *provided, however*, that any and all liability of Freddie Mac as successor in interest to the Borrower's interest under the Bond Documents shall be limited to the period it owns the Project. The Issuer and the Trustee agree that any such transfer of ownership of the Project shall not be deemed to violate any terms or conditions of the Bond Documents.

7.2 Following any succession by Freddie Mac (the "Successor Borrower") to the right, title and interest of the Borrower in the Project pursuant to Section 7.1, the Successor Borrower or its designee shall have the right to sell, transfer and/or assign its interest in the Project to any person or entity, provided that the party purchasing the Project from the Successor Borrower or its designee delivers or causes to be delivered to the Issuer and the Trustee concurrently with such transfer: (i) if the Bonds remain Outstanding, a letter of credit or other credit enhancement facility that complies with all applicable requirements under the Indenture and the Financing Agreement; (ii) a written instrument assuming and agreeing to perform all obligations of the Borrower under the Bond Documents to which the Borrower is a party accruing from and after the date of such transfer; (iii) an opinion of counsel to the transferee that such transferee has duly assumed the obligations of the Borrower under the Bond Documents to which the Borrower is a party, that such transferee is qualified to do so pursuant to the Bond Documents and applicable law, and that each of the Bond Documents to which the Borrower is a party is a binding obligation of the transferee; and (iv) an opinion of Bond Counsel that such transfer or substitution will not cause interest on the Bonds to be included in the gross income of any registered owner thereof for federal income tax purposes (except for interest on any Bond held by a "substantial user" of the Project or a "related person," within the meaning of Section 147(a)(2) of the Internal Revenue Code of 1986, as amended). Upon completion of any transfer to the Successor Borrower or its designee, in accordance with this Section 7, the liability of the Successor Borrower or its designee, as applicable, or any purchaser from the Successor Borrower or its designee shall be limited to the period it owned the Project and the Successor Borrower or its designee, as applicable, shall thereafter be relieved of any further liability for obligations of the "Borrower" under the Bond Documents accruing from and after the date of such transfer. Any environmental liability that Freddie Mac may incur as a result of its ownership of the Project following a foreclosure or a deed in lieu of foreclosure shall be expressly limited by the provisions of any federal, state or local environmental statutes, rules, regulations or administrative procedures pertaining to "lender liability."

7.3 The Issuer and the Trustee agree that any purchaser may succeed to the interest of the Borrower in the Project pursuant to a foreclosure sale or otherwise, provided that such purchaser delivers or causes the delivery of the documents described in Section 7.2.

SECTION 8. *Acknowledgement and Consent.* The Issuer and the Trustee acknowledge and consent to the granting by the Borrower to Freddie Mac of the Reimbursement Mortgage which shall be a second priority mortgage lien on the Project (as defined in the Indenture). The Issuer and the Trustee acknowledge and agree that Freddie Mac *is* a third-party beneficiary of the Financing Agreement with the right to enforce the provisions of such Financing Agreement subject to the terms of this Agreement. The Issuer and the Trustee agree and acknowledge that to the

extent the Bond Mortgage grants or reserves to the Borrower any rights that are not granted or reserved to the Borrower under the Reimbursement Mortgage, the Borrower must comply with the terms of the Reimbursement Mortgage and a failure to do so shall be an Event of Default under the Reimbursement Agreement.

SECTION 9. *Bond Mortgage Loan Servicing.* The identity of the Servicer being of material importance to Freddie Mac, this Agreement is accepted by Freddie Mac on the basis, and with the understanding, the Servicer will be determined solely by Freddie Mac. The term “Servicer” as used in this Agreement shall mean a multifamily seller and servicer approved by Freddie Mac, which initially shall be Berkadia Commercial Mortgage LLC, and any permitted successor or assign under the Freddie Mac Multifamily Seller/Servicer Guide (the “Guide”) or any other person designated by Freddie Mac to service the Bond Mortgage Loan.

Accordingly, so long as the Credit Enhancement Agreement is in effect or obligations of the Borrower to Freddie Mac under the Reimbursement Agreement remain outstanding, and no Wrongful Dishonor has occurred and is continuing, the Issuer and the Trustee agree that Freddie Mac shall, in its discretion, have the sole and exclusive right to (a) appoint the Servicer and arrange for the servicing of the Bond Mortgage Loan and the Bond Mortgage or Financing Agreement, provided such servicing shall be performed by a Freddie Mac approved seller-servicer in accordance with the terms and conditions of the Guide, and (b) remove the Servicer (for any reason), terminate its right to service the Bond Mortgage Loan, and appoint a new Servicer.

The Issuer and the Trustee further acknowledge and agree that the Guide is subject to amendment or termination without the consent of the Issuer, the Trustee or the Borrower (provided that no such amendment shall adversely affect the rights of Issuer or Trustee or in any way operate to modify the provisions of the Financing Agreement, the Commitment or affect the tax status of the Bonds) and that none of the Issuer, the Trustee or the Borrower shall have any rights under or be a third-party beneficiary of the Guide. The Trustee and the Issuer acknowledge and agree that the Servicer shall have no duties or obligations to the Trustee, the Issuer or the Developer under the Guide or otherwise, except as expressly set forth in the Bond Documents. The Trustee and the Issuer acknowledge and agree that any Servicer designated by Freddie Mac shall be paid a fee by the Borrower for its services. None of the Issuer, the Trustee or Freddie Mac shall have the obligation to pay such fees from their own funds. In the event the Borrower fails to make any payment relating to fees, expenses or indemnification obligations to the Issuer or Trustee as required under the Financing Agreement, the party which has not received such payment shall immediately notify the Servicer of such failure.

SECTION 10. Representations, Warranties and Covenants.

A. The Issuer represents, warrants and covenants to the other parties hereto that:

(i) The Issuer has not received a notice in writing from the Internal Revenue Service alleging that any event or act has occurred in the operation and management of the Project that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes or a notice in writing from the Trustee concerning any event of default under any Bond Document.

(ii) The Issuer has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and

performance of this Agreement. This Agreement is a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, subject to (a) applicable limitations of bankruptcy or equitable principles affecting the enforcement of creditors' rights, the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith or fair dealing, and the possibility of the unavailability of specific performance or injunctive relief, (b) the exercise of judicial discretion and (c) any limitation of the legal remedies against public entities in the State.

(iii) The Issuer will not knowingly take or permit, or knowingly omit to take or cause to be taken any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

B. The Trustee represents, warrants and covenants to the other parties hereto that:

(i) The Trustee has no knowledge of and has no reason to believe that any event or act has occurred that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or of any event of default under any Bond Document.

(ii) The Trustee has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms except as enforceability may be limited by bankruptcy, moratorium, insolvency and similar laws affecting creditors' rights generally and general principles of equity.

(iii) The Trustee will not knowingly take or permit, or knowingly omit to take or cause to be taken, any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

C. Freddie Mac represents, warrants and covenants to the other parties hereto that:

(i) Freddie Mac has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a legal, valid and binding obligation of Freddie Mac enforceable against Freddie Mac in accordance with its terms except as enforceability may be limited by bankruptcy, moratorium, insolvency and similar laws affecting creditors' rights generally and general principles of equity.

(ii) Freddie Mac will not knowingly take or permit, or knowingly omit to take or cause to be taken any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

SECTION 11. *Subrogation.*

The Issuer and the Trustee agree that Freddie Mac shall be subrogated to their rights and remedies under the Bond Documents (except with respect to any Mortgagee Retained Rights) upon and to the extent of Freddie Mac's payment (whether pursuant to the Credit Enhancement Agreement or otherwise) of the principal of or interest on the Bonds or the payment or performance

Freddie Mac: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Telephone: (703) 903-2000
Facsimile: (703) 714-3003

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Associate General Counsel – Multifamily,
Legal Division
Telephone: (703) 903-2000
Facsimile: (703) 903-2885

with a copy to: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Director of Multifamily Loan Accounting
Telephone: (703) 714-4177
Facsimile: (571) 382-4798

The Servicer: Berkadia Commercial Mortgage LLC
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: []
Telephone: []
Facsimile: []

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to Freddie Mac.

The Trustee agrees to accept and act upon facsimile transmissions of written instructions and/or directions pursuant to this Agreement.

SECTION 15. *Benefit of Agreement.* This Agreement shall be binding upon and inure to the benefit of the Issuer, the Trustee, the Servicer and Freddie Mac and their respective successors and assigns. No other party shall be entitled to any benefits hereunder, whether as a third-party beneficiary or otherwise. This Agreement shall be deemed terminated with respect to Freddie Mac without the necessity for further or confirmatory instruments upon the earlier of (i) the date, if any, upon which an Alternate Credit Facility is delivered to replace the Credit Enhancement Agreement unless the Alternate Credit Facility Provider replaces Freddie Mac hereunder, (ii) the date that the Indenture is released and terminated or (iii) the date that the Indenture is released and terminated and, in the case of (i) and (ii) immediately above, all of the Borrower's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full.

SECTION 16.*Counterparts.* This Agreement may be executed in any number of counterparts and all of such counterparts shall together constitute one and the same instrument.

SECTION 17.*Acknowledgment and Consent Regarding Reimbursement Mortgage.* The Issuer and the Trustee agree and acknowledge that to the extent the Bond Mortgage grants or reserves to the Borrower any rights that are not granted or reserved to the Borrower under the Reimbursement Mortgage, Borrower must comply with the terms of the Reimbursement Mortgage and a failure to do so shall be an Event of Default under the Reimbursement Agreement.

SECTION 18.*Trustee.* The Trustee accepts the duties imposed upon it by this Agreement and agrees to perform those duties but only upon and subject to the following express terms and conditions:

A. the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Trustee;

B. as to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceedings, the Trustee shall be entitled to rely in good faith upon a certificate purportedly signed by an authorized signatory of Freddie Mac as sufficient evidence of the facts contained in such certificate;

C. the permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct;

D. none of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement except for any liability of the Trustee arising from its own negligence or willful misconduct;

E. the Trustee is entering into this Agreement solely in its capacity as Trustee under the Indenture and not in its individual or corporate capacity; and

F. all of the provisions of the Indenture related to the duties, obligations, standard of care, protections and immunities from liability afforded the Trustee under the Indenture shall apply to the Trustee under this Agreement.

SECTION 19.*Invalidity.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity of any other provision and all other provisions shall remain in full force and effect.

SECTION 20.*Time is of the Essence.* Time is of the essence of this Agreement.

SECTION 21.*Controlling Instrument.* This Intercreditor Agreement controls over any contrary provisions of the Bond Documents.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the date first above written.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Name:

Title:

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 _____, 2024, before me, _____
Notary Public (insert name and title of the officer),

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]

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

By: _____
Name:
Title:

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 _____, 2024, before me, _____
Notary Public (insert name and title of the officer),

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]

EXHIBIT A
LEGAL DESCRIPTION
[TO BE INSERTED]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Brian C. Haroldson, Esq.

TERMINATION AGREEMENT

Dated as of [June] 1, 2024

by and among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

and

**WESTVIEW GARDEN PARTNERS, LTD.,
as Assignee**

RELATING TO:

**\$24,190,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Bay Vista Apartments Project)
Series 2008A**

TERMINATION AGREEMENT

This TERMINATION AGREEMENT is dated as of [June] 1, 2024, and is by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “**Authority**”), and WESTVIEW GARDEN PARTNERS, LTD., a Florida limited partnership (the “**Assignee**”);

WITNESSETH:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code (commencing with Section 34200) of the State of California, as amended (the “**Act**”), and a Trust Indenture dated as of January 1, 2008 (the “**Indenture**”), by and among the Authority, Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), and Bay Vista Housing Partners, LP, a California limited partnership (the “**2008 Borrower**”), the Authority issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Bay Vista Apartments Project) Series 2008A (the “**2008 Bonds**”);

WHEREAS, under a Financing Agreement, dated as of January 1, 2008, among the Authority, the Trustee, and the 2008 Borrower, the proceeds of the 2008 Bonds were loaned to the 2008 Borrower (the “**Loan**”) to finance the acquisition and rehabilitation of a 268-unit multifamily rental housing project (the “**Project**”) located on the real property site described in Exhibit A hereto;

WHEREAS, the Authority, the Trustee, and the 2008 Borrower entered into a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2008 (the “**2008 Regulatory Agreement**”) and recorded on February 7, 2008, in the official records of San Diego County as Document No. 2008-0063489, and which 2008 Regulatory Agreement set forth certain terms and conditions relating to the acquisition, rehabilitation and operation of the Project;

WHEREAS, pursuant to an Assignment and Assumption of Regulatory Agreement (the “**Assignment**”) dated December 16, 2021, and recorded on December 16, 2021, in the official records of San Diego County as Document No. 2021-0850297, by and between the 2008 Borrower and the Assignee, the 2008 Borrower assigned, and the Assignee agreed to accept and assume, all of the 2008 Borrower’s duties, agreements, indemnities, and obligations under the 2008 Regulatory Agreement;

WHEREAS, the 2008 Bonds have been defeased and are no longer outstanding;

WHEREAS, in connection with the acquisition and rehabilitation of the Project by the New Borrower (as defined below), on or about [June __], 2024, the Authority is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Sea Breeze Gardens) Series 2024E (the “**2024 Bonds**”), the proceeds of which 2024 Bonds are being loaned to Sea Breeze Gardens Preservation LP, a California limited partnership (the “**New Borrower**”), in order to finance the acquisition and rehabilitation of the Project, and the New Borrower, Authority, and U.S. Bank Trust Company, National Association, as trustee, are entering into a Regulatory

Agreement and Declaration of Restrictive Covenants, dated as of [June] 1, 2024 (the “**2024 Regulatory Agreement**”), which 2024 Regulatory Agreement sets forth certain terms and conditions relating to the acquisition, rehabilitation and operation of the Project;

WHEREAS, the terms of the 2024 Regulatory Agreement are at least as restrictive as the terms of the 2008 Regulatory Agreement, therefore, in connection with the acquisition and rehabilitation of the Project by the New Borrower, the parties hereto have agreed to terminate the 2008 Regulatory Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree:

Section 1. Termination.

(a) All obligations of the Authority and the Assignee under the 2008 Regulatory Agreement shall cease and terminate on [June __], 2024 (the “**Termination Date**”), except as provided in Section 2 below;

(b) In accordance with the foregoing, the 2008 Regulatory Agreement recorded on February 7, 2008, in the official records of San Diego County as Document No. 2008-0063489 will be of no further force and effect on and after the Termination Date, except as provided in Section 2 below; and

(c) From and after the Termination Date, none of the parties shall have any further rights or obligations under the 2008 Regulatory Agreement, except as provided in Section 2 below.

Section 2. Continuing of Obligation to Indemnify. Notwithstanding Section 1 hereof, the Assignee hereby confirms and acknowledges that its obligations under Section 7 of the 2008 Regulatory Agreement to indemnify and hold harmless the Authority and the Trustee shall continue on and after the Termination Date, but only for acts or omissions that have occurred or occur prior to such date.

Section 3. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4. Integration Clause. This Termination Agreement, including all Exhibits, contains the entire agreement between the parties and supersedes whatever understanding they may have had prior to the execution of this Termination Agreement. This Termination Agreement shall not be amended or modified except by a written agreement executed by each of the parties hereto.

Section 5. Authority. Each of the signatories to this Termination Agreement hereby represents and warrants that he or she is fully authorized to sign this Termination Agreement on behalf of the party that he or she represents.

IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

AUTHORITY:

**HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO**

By: _____
[Name, Title]

ASSIGNEE:

WESTVIEW GARDEN PARTNERS, LTD.,
a Florida limited partnership

By: Westview Garden GP, LLC,
a Florida limited liability company,
its co-general partner

By: _____
Russell Condas, Vice President

By: Pacific Housing, Inc.,
a California nonprofit public benefit corporation
its managing general partner

By: _____
Mark A. Wiese, President

TRUSTEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION,

By: _____
[Name, Title]

[Notary Pages]

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ALL THOSE PORTIONS OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF LOT 55 AND THE SOUTHWEST QUARTER OF LOT 54 OF A PORTION OF THE EX-MISSION LANDS OF SAN DIEGO COMMONLY CALLED HORTON'S PURCHASE IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO; STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 283 FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 9, 1878 DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID LOT 55 DISTANT THEREON NORTH 89° 39' 24" WEST 688.76 FEET FROM THE SOUTHEAST CORNER THEREOF, THENCE NORTH 0° 41' 46" EAST 30.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 0° 41' 46" EAST ALONG THE WESTERLY LINE OF THE EASTERLY 30.00 FEET OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SAID LOT 55 A DISTANCE OF 301.03 FEET TO THE NORTHERLY LINE OF SAID SOUTH HALF OF THE SOUTHWEST QUARTER; THENCE ALONG SAID NORTHERLY LINE NORTH 89° 31' 29" WEST 110.00 FEET; THENCE NORTH 0° 41' 46" EAST 188.00 FEET; THENCE SOUTH 89° 31' 29" EAST 140.00 FEET TO THE WESTERLY LINE OF THE SOUTHEAST QUARTER OF SAID LOT 55; THENCE ALONG SAID WESTERLY LINE NORTH 0° 41' 46" EAST 144.48 FEET TO THE SOUTHWEST CORNER OF LEE'S ADDITION ACCORDING TO MAP THEREOF NO. 1092; FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE ALONG THE SOUTHERLY LINE THEREOF BEING THE NORTHERLY LINE OF THE SOUTH HALF OF SAID LOT 55 SOUTH 89° 38' 51" EAST 299.16 FEET TO AN ANGLE POINT WHICH LIES 33.50 FEET SOUTHERLY FROM THE SOUTHEAST CORNER OF LOT 25 OF BLOCK 1 OF SAID LEE'S ADDITION AS SHOWN ON MAP OF O.D. ARNOLDS BONNIEVIEW UNIT NO. 4, MAP 4792; THENCE ALONG THE SOUTHERLY BOUNDARY THEREOF SOUTH 89° 59' 50" EAST 363.52 FEET TO AN ANGLE POINT IN THE SOUTHERLY LINE OF LOT 6 OF SAID MAP NO. 4792; BEING THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID LOT 55; THENCE ALONG THE EASTERLY LINE THEREOF SOUTH 0° 59' 10" WEST 0.76 FEET TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE AFOREMENTIONED LOT 54 OF HORTON'S PURCHASE; THENCE ALONG THE NORTHERLY LINE OF THE SOUTH HALF OF SAID LOT 54 AND THE SOUTHERLY LINE OF SAID MAP NO. 4792; SOUTH 89° 42' 38" EAST 667.75 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID LOT 54; THENCE ALONG THE EASTERLY LINE OF SAID SOUTHWEST QUARTER SOUTH 0° 42' 00" WEST 332.71 FEET TO THE NORTHEAST CORNER OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER OF LOT 54 SAID CORNER TO BE HEREINAFTER REFERRED TO AS POINT "A"; THENCE ALONG THE NORTHERLY LINE OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER NORTH 89° 41' 07" WEST 227.16 FEET TO A POINT IN THE ARC OF A 52.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THE CENTER OF WHICH BEARS NORTH 51° 41' 51" WEST FROM SAID POINT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 52° 00' 44" A DISTANCE OF 47.20 FEET; THENCE TANGENT TO SAID CURVE NORTH 89° 41' 07" WEST 322.00 FEET TO THE BEGINNING OF A TANGENT 25.00

FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE COUNTER-CLOCKWISE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $89^{\circ} 16' 56''$ A DISTANCE OF 38.96 FEET; THENCE TANGENT TO SAID CURVE SOUTH $1^{\circ} 01' 57''$ WEST 242.73 FEET TO A POINT IN A LINE DRAWN PARALLEL TO AND DISTANT 45.00 FEET NORTHERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF SAID LOT 54; THENCE ALONG SAID PARALLEL LINE NORTH $89^{\circ} 39' 24''$ WEST 55.00 FEET TO THE WESTERLY LINE OF SAID LOT 54; THENCE ALONG SAID WESTERLY LINE SOUTH $1^{\circ} 01' 57''$ WEST 15.00 FEET TO A POINT IN A LINE DRAWN PARALLEL TO AND DISTANT 30.00 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF THE AFOREMENTIONED LOT 55; THENCE ALONG SAID PARALLEL LINE NORTH $89^{\circ} 39' 24''$ WEST 688.94 FEET TO THE TRUE POINT OF BEGINNING.



The City of San Diego
Item Approvals

Item Subject: Tax, Equity and Fiscal Responsibility Act (TEFRA) Resolution for Sea Breeze Gardens Apartments.

Contributing Department	Approval Date
SUSTAINABILITY AND MOBILITY	04/24/2024
ENVIRONMENTAL ANALYSIS	04/24/2024
DOCKET OFFICE	04/24/2024
FINANCE	04/25/2024

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	04/23/2024
CITY ATTORNEY	MIDDAUGH, MARGUERITE	05/07/2024
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	05/07/2024