



EXECUTIVE SUMMARY

MEETING DATE: November 20, 2023

HCR23-121

SUBJECT: Authorization to Accept \$16,850,000 in State of California (State) Homekey Program Funds, \$5,921,281 in City of San Diego Funds, and \$5,921,281 in County of San Diego Funds; to Amend the San Diego Housing Commission's Fiscal Year 2024 Budget in the Amount of \$28,692,562; to Expend \$28,692,562 to Support the Proposed Acquisition and Rehabilitation of the Ramada Inn Property at 3737-3747 Midway Drive; and to Acquire and Rehabilitate the Ramada Inn Property at 3737-3747 Midway Drive, to be known as Pacific Village

COUNCIL DISTRICT: 2

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Emily S. Jacobs (619) 578-7423

REQUESTED ACTION:

Authorize the San Diego Housing Commission (Housing Commission) to accept \$16,850,000 in State of California (State) Homekey Program Funds, \$5,921,281 in City of San Diego funds, and \$5,921,281 in County of San Diego funds; to amend the Housing Commission's Fiscal Year 2024 Budget in the amount of \$28,692,562; to expend \$28,692,562 to support the proposed acquisition and rehabilitation of the Ramada Inn property at 3737-3747 Midway Drive; and to acquire and rehabilitate the Ramada Inn property at 3737-3747 Midway Drive, to be known as Pacific Village.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The Housing Commission submitted an application to the State Department of Housing and Community Development (Department) on June 6, 2023, for \$16,850,000 to support the acquisition and development of the Ramada Inn property, to be known as Pacific Village. In September 2023, the Department informed the Housing Commission of the funding award.
- The proposed development would consist of 62 units dedicated to individuals experiencing homelessness, one manager's unit and one unit to be used as a service provider office.
- The Housing Commission has committed 62 federal Project-Based Housing Vouchers to help pay rent for residents experiencing homelessness. Of these vouchers, 15 are Veterans Affairs Supportive Housing (VASH) vouchers committed to assist veterans experiencing homelessness, who will receive case management and clinical services from the U.S. Department of Veterans Affairs (VA).
- The remaining population intended for this site would consist of people experiencing chronic homelessness; people experiencing literal homelessness; and Transition-Age Youth in need of permanent affordable rental housing with supportive services.
- In addition to \$5,921,281 in capital funds, the County of San Diego has committed \$4,984,455 over five years toward the necessary behavioral health supportive services for the non-veteran residents of Pacific Village.
- In July 2022, the Housing Commission Board of Commissioners authorized the execution of a Purchase and Sales Agreement for the Ramada Inn property, commencing due diligence activities in compliance with the Housing Commission's acquisition policy. Housing Commission staff engaged in extensive due diligence activities, and no findings that would prevent the recommendation of acquiring the property were identified.
- The estimated total cost for acquisition and rehabilitation of the property is \$28,692,562 (\$455,438/unit).



REPORT

DATE ISSUED: November 14, 2023

REPORT NO: HCR23-121

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 20, 2023

SUBJECT: Authorization to Accept \$16,850,000 in State of California (State) Homekey Program Funds, \$5,921,281 in City of San Diego Funds, and \$5,921,281 in County of San Diego Funds; to Amend the San Diego Housing Commission's Fiscal Year 2024 Budget in the Amount of \$28,692,562; to Expend \$28,692,562 to Support the Proposed Acquisition and Rehabilitation of the Ramada Inn Property at 3737-3747 Midway Drive; and to Acquire and Rehabilitate the Ramada Inn Property at 3737-3747 Midway Drive, to be known as Pacific Village

COUNCIL DISTRICT: 2

REQUESTED ACTION

Authorize the San Diego Housing Commission (Housing Commission) to accept \$16,850,000 in State of California (State) Homekey Program Funds, \$5,921,281 in City of San Diego funds, and \$5,921,281 in County of San Diego funds; to amend the Housing Commission's Fiscal Year 2024 Budget in the amount of \$28,692,562; to expend \$28,692,562 to support the proposed acquisition and rehabilitation of the Ramada Inn property at 3737-3747 Midway Drive; and to acquire and rehabilitate the Ramada Inn property at 3737-3747 Midway Drive, to be known as Pacific Village.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the Housing Commission to amend its Fiscal Year 2024 budget in the amount of \$28,692,652—consisting of \$16,850,000 in State of California (State) Homekey Program funds, \$5,921,281 in City of San Diego funds, and \$5,921,281 in County of San Diego funds—to support the proposed acquisition and rehabilitation of the Ramada Inn at 3737-3747 Midway Drive, San Diego, CA 92110, which will be known as Pacific Village and will consist of 62 affordable rental housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI) and one manager's unit.
- 2) Authorize the Housing Commission to accept and expend \$16,850,000 in State Homekey Program funds, \$5,921,281 in City of San Diego funds, and \$5,921,281 in County of San Diego funds to support the proposed purchase and acquisition of the Ramada Inn at 3737-3747 Midway Drive, San Diego, CA 92110, which will be known as Pacific Village and will consist of 62 affordable rental housing units for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI) and one manager's unit.

- 3) Authorize the Housing Commission to acquire the Ramada Inn property, pursuant to that certain Purchase and Sale Agreement (PSA) for the Ramada Inn at 3737-3747 Midway Drive, San Diego CA, 92110, dated July 28, 2022, with the seller Anjali Enterprise LLC.
- 4) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to take such actions and perform such acts as are necessary to acquire Ramada Inn at 3737-3747 Midway Drive, San Diego, CA 92110, a 36,154-square-foot property, for the price of \$11,623,000. Anjali Enterprise LLC shall provide clear fee simple title upon acquisition of the property.
- 5) Authorize the Housing Commission's President & CEO, or designee, to execute and record an affordability covenant against the Ramada Inn property, to be known as Pacific Village, for 55 years, with 62 units required to remain affordable for households experiencing homelessness with income at or below 30 percent of AMI. There will be one unrestricted manager's unit and one unrestricted unit designated as a service provider office for a total of 64 units at the property.
- 6) Authorize the Housing Commission to purchase the Ramada Inn property and complete all associated closing activities and costs, as well as remediation and upgrades to the property, utilizing \$16,850,000 in State Department of Housing and Community Development Homekey Program Round 3 (Homekey) Funds; \$5,921,281 in City of San Diego funds; \$5,921,281 in County of San Diego funds; and \$1,075,460 in a Deferred Developer Fee.
- 7) Authorize the Housing Commission's President & CEO, or designee, to substitute approved funding sources for the Ramada Inn property, to be known as Pacific Village, with any other available funds as deemed appropriate, including, without limitation, in the event the Homekey grant is delayed beyond the closing date of February 1, 2024, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals, upon the advice of General Counsel.
- 8) Authorize the Housing Commission's President & CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, to allow the Housing Commission to acquire the Ramada Inn property on terms and conditions described in this report, as approved by General Counsel of the Housing Commission. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the documents, and other required documents, including amendments to any documents.
- 9) Approve all budgets associated with the purchase and rehabilitation of the Ramada Inn property, to be known as Pacific Village. This includes the transfer and/or reallocation of funds between any and all funding use line items within the total approved development/project budget provided the total project/development budget amount after any and all transfers/reallocations does not exceed the previously approved budget total, in any

instances when the operational need(s) arise and/or when such actions are to the benefit of the Housing Commission and its mission.

- 10) Authorize the Housing Commission's President & CEO, or designee, to take such actions and perform such acts as necessary for the recruitment and hiring of staff for the ongoing operations of Pacific Village.

SUMMARY

The State Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA), dated March 29, 2023, for the Homekey Program, which continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. The Department has issued the NOFA for Homekey Program grant funds pursuant to Assembly Bill 140 (2021-2022 Regular Session), which provided the statutory basis for Round 3 of the Homekey Program by adding section 50675.1.3 to the California Health and Safety Code.

Through the Homekey Program, the Department is making \$736 million in grant funding available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California. Awarded funds may be used for acquisition or rehabilitation of hotels, apartments, or homes, including manufactured housing, to be converted into permanent or interim housing; conversion of nonresidential properties into residential units; new construction; master leasing of properties for non-congregate housing; purchase of affordability covenants and restrictions for units; relocation costs for individuals being displaced as a result of the Homekey Program project; and capitalized operating subsidies for units purchased, converted, constructed, or altered.

Homekey Program funds consist of \$435 million derived from the federal Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117- 2), and \$301 million from the state's General Fund.

The Department is authorized to administer the Homekey Program pursuant to the Multifamily Housing Program (Chapter 6.7, commencing with Section 50675, of Part 2 of Division 31 of the Health and Safety Code). Homekey Program funding allocations are subject to the terms and conditions of the NOFA, ARPA guidance, the Application, the Department-approved STD 213, Standard Agreement (Standard Agreement), and all other legal requirements of the Homekey Program.

The Housing Commission submitted an application to the Department on June 6, 2023, for \$16,850,000 to support the acquisition and development of the Ramada Inn property, to be known as Pacific Village. The proposed development would consist of 62 units dedicated to individuals experiencing homelessness, one manager's unit and one unit to be used as a service provider office. The Housing Commission has committed 62 federal Project-Based Housing Vouchers to help pay rent for residents experiencing homelessness. Of these vouchers, 15 are Veterans Affairs Supportive Housing (VASH) vouchers committed to assist veterans experiencing homelessness. Veterans with VASH vouchers will receive case management and clinical services from the U.S. Department of Veterans Affairs (VA).

The remaining population intended for this site would consist of people experiencing chronic

homelessness; people experiencing literal homelessness; and Transition-Age Youth in need of permanent affordable rental housing with supportive services. Residents would be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness.

In addition to \$5,921,281 in capital funds, the County of San Diego has committed \$4,984,455 over five years toward the necessary behavioral health supportive services for the non-veteran residents of Pacific Village. Through a Memorandum of Agreement (MOA) with the County of San Diego Health and Human Services Agency, residents will receive supportive services.

All 62 households will receive the following supportive services: outreach and engagement; mental health services; healthcare/physical health services; behavioral health services; substance use services; case management; care coordination; life skills training; education and employment services; assistance obtaining benefits and essential documentation and transportation services.

The Housing Commission anticipates that its staff will provide property management. Property management positions for the ongoing operations of this site, to be known as Pacific Village, include, but are not limited to, one on-site Property Manager, one Assistant Property Manager, and one Custodian / Site Cleaner.

Once acquired, the property will be provided to the Commission vacant and undergo the following: installation of kitchenettes in all units; addition of a fire sprinkler and alarm systems; upgrades to existing building systems to extend useful life and accommodate the kitchenettes; upgrades to life safety systems; security additions to include the installation of camera and perimeter fencing; replacing bathroom fixtures; roof replacement; painting of the interior and exterior of the building; accessibility upgrades including path of travel to units and common areas; termite fumigation; all other items identified in the Physical Needs Assessment; and other site improvements as able within the approved budget.

The proposed project aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

DUE DILIGENCE

In July 2022, the Housing Commission Board authorized the execution of a Purchase and Sales Agreement for the Ramada Inn property, commencing due diligence activities in compliance with the Housing Commission's acquisition policy. Housing Commission staff engaged in extensive due diligence activities as outlined below, and no findings that would prevent the recommendation of acquiring the property were identified.

- Appraisal – Kinetic Valuation Group (KVG) completed an appraisal of the property's fee simple interest. The market value fee simple interest as existing use is \$11,970,000 (\$190,000 per unit) with an effective date of March 1, 2023. This value is higher than the proposed purchase price of \$11,623,000 (\$184,492 per unit). In addition to the appraisal, the Housing Commission enlisted BTI appraisal to complete a peer review of the KVG appraisal, and the County of San Diego Department of General Services Real Estate Valuation completed an appraisal review. The BTI peer review found the KVG appraisal acceptable, and The County of San Diego review found that the appraisal complied with the Uniform Standards of Professional Appraisal Practice and that the

appraiser's analysis of the selected market data were appropriate and produced reasonable results. A copy of the appraisal is attached.

- Physical Needs Assessment (PNA) – KCM Group conducted an assessment of the physical condition of the property and its improvements in the fall of 2022. KCM inspected the common areas, units, structural, mechanical, electrical, plumbing, landscaping, accessibility, and life safety. Code violations and accessibility compliance issues were also reviewed. A report has been prepared by KCM that summarizes the remaining useful life of the building's components, the existing conditions of the property, the immediate and long-term repairs needed, and estimates for the cost of repairs. The planned rehabilitation of the property will be substantial and will address all items identified in the PNA.
- Hazardous Materials – Advantage Environmental Consultants, LLC (AEC) conducted microbial growth, lead, and asbestos testing at the site.

AEC completed microbial growth testing on all common areas, the manager's unit and 62 of the 63 guest rooms. Elevated levels of microbial growth were detected in seven of the 62 units inspected. One unit was not accessible. Upon acquisition, the Housing Commission will investigate the missing unit and undertake remediation efforts during rehabilitation and before habitation of the units.

A survey and inspection were conducted by AEC to locate and identify visible and accessible asbestos-containing and lead-based paints/glaze within and on the site.

One of the building materials sampled was found to contain trace amounts of asbestos, and lead-based paint was identified on exterior wood unit doors and door frames of the East and West buildings. San Diego Lead-Safe Paint levels were identified in interior drywall/plaster and interior wood window frames in both the East and West buildings. Unpainted lead-containing materials were identified in the interior leaded ceramic floor tile in the custodial laundry room.

The asbestos identified was in good condition and does not require immediate remediation. If disturbed, all asbestos must be removed. The lead-based paint surfaces will be restored or abatement completed using approved lead-safe work practices or by an appropriately licensed lead abatement contractor. A clearance inspection will be completed by a Certified Lead Inspector, when necessary, in accordance with the City of San Diego Municipal Code.

- Phase I Environmental Site Assessment – Advantage Environmental Consultants, LLC performed a Phase I Environmental Site Assessment of the property to determine if any recognized environmental conditions (REC) were present as a result of current or historical land uses. The assessment included public environmental agency and historical record reviews, interviews, site observations, and report preparation. The assessment revealed no evidence of current, historical, or controlled REC's, and no need for additional environmental investigation.
- Pest Inspection – Bugmizer Termite and Pest Control completed a drywood termite inspection of all units and common areas. Evidence of drywood termites was noted on the fascia of the building at several different points with varying degrees of severity. The Housing Commission will fumigate the entire structure for the control of drywood termites using industry best

practices and will replace severely damaged fascia areas with new pressure-treated wood.

Bugmizer completed testing for other pests throughout the site and determined that there were two rooms with bed bugs. Several rooms had small spiders and carpet beetles. All rooms will be treated with industry best practices and continued pest control will be used during future operation of the property.

- Sewer Line Inspection – A.O. Reed & Co. performed video inspections on the interior and exterior sewer lines and determined the sewer lines were in good condition.
- Zoning Conformance – Atlantis Group Land Use Consultants and Zoning Research Group evaluated the zoning conformance and land use of the Ramada Inn and communicated with the City of San Diego Development Services Department to determine if the proposed use of the property as a Single-Room Occupancy (SRO) hotel was allowed. The site is zoned Commercial Community CC-1-3 and pursuant to the Land Development Code, allows for the development of SRO hotels by-right. The proposed SRO hotel is considered a Visitor Accommodation use and units must meet the definition of an efficiency unit as described in the California Health and Safety Code section 17958.1. Upon completion of the rehabilitation of the property, all units will meet the definition of an efficiency unit.

A review of the City of San Diego's Code Enforcement website did not reveal any open building or zoning code violations.

PREVAILING WAGES

Per Section 506 of the NOFA, the use of Homekey funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Further, any contract executed requiring payment of prevailing wages for this project shall include applicable clauses and require the general contractor to sign and submit the prevailing wage documents prior to the start of work. The payment of prevailing wages has been included in the project budget. The proposed use of 62 PSH PBVs, administered by the Housing Commission, will require the payment of federal Davis-Bacon prevailing wages. The higher of the federal or state prevailing wages will apply.

AFFORDABLE HOUSING IMPACT

This project would support the development of 62 affordable rental housing units with supportive services for individuals experiencing homelessness with income up to 30 percent of AMI. The Housing Commission has committed 62 Project-Based Vouchers (PBVs) for the Ramada Inn property of which 15 are VASH PBVs for veterans experiencing homelessness, 12 PBVs are for transition-age youth experiencing homelessness, 23 PBVs are for people experiencing literal homelessness, and 12 PBVs are for people experiencing chronic homelessness. Residents will be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission..

FISCAL CONSIDERATIONS

The proposed Fiscal Year (FY) 2024 funding sources and uses were not included in the FY 2024 Housing Commission Budget approved by the Housing Authority. Approving this action increases the FY 2024 by

November 14, 2023

Authorization to Accept and Expend Funds and to Acquire and Rehabilitate Ramada Inn, to be Known as Pacific Village
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\$28,692,562. Sources and Uses are as follows:

SOURCES	Cost	Per Unit
Local Match Funding - City of San Diego	\$5,921,281	\$93,989
Local Match Funding - County of San Diego	\$5,921,281	\$93,989
State Homekey Funds	\$16,850,000	\$267,460
Total Project Sources	\$28,692,562	\$455,438

USES	Cost	Per Unit
Land/Acquisition	\$11,623,000	\$184,492
Design & Engineering	\$1,148,675	\$18,233
Legal/Financial/Other Consultants	\$346,876	\$5,506
Permits & Fees	\$428,004	\$6,794
Direct Building Construction	\$13,149,934	\$208,729
Reserves	\$687,777	\$10,917
Hard Cost Contingency	\$1,270,192	\$20,161
Soft Cost Contingency	\$38,104	\$605
Total Project Uses	\$28,692,562	\$455,438

PREVIOUS HOUSING COMMISSION BOARD OF COMMISSIONERS ACTIONS

On July 8, 2022, the Housing Commission Board voted 5-0 to authorize the Housing Commission to execute a Purchase and Sales Agreement by and between the Housing Commission and Anjali Enterprises, LLC (Seller), with a purchase price not to exceed \$11,623,000 for the property located at 3737-3747 Midway Drive, San Diego, CA 92110. The Housing Commission Board also approved the commencement of Due Diligence activities and a Due Diligence budget not to exceed \$250,000 (Resolution No. HC-1954).

On February 9, 2023, the Housing Commission Board voted 4-0 to authorize the Housing Commission to approve the execution of a sole source architectural design contract for the property at 3737-3747 Midway Drive, San Diego, CA 92110, in an amount not to exceed \$753,770 and the associated pre-development budget (Report No. HCR23-005).

On May 12, 2023, the Housing Commission Board voted 4-0 to authorize the Housing Commission to submit an application to the State of California Department of Housing and Community Development Homekey Program for grant funds in an amount not to exceed \$18,000,000 in accordance with the March 29, 2023, Notice of Funding Availability for the Homekey Program. If the application were approved and upon subsequent approval of the project by the Housing Authority, the Housing Commission was further authorized to enter into a Standard Agreement with the Department in a total amount not to exceed \$18,000,000 (Resolution No. HC-1985).

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 and No.4 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024. No.1: Increasing and Preserving Housing Solutions. No.4: Advancing

Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The Housing Commission developed and incorporated a comprehensive racial and gender equity program in accordance with the Homekey Program application requirements that includes specific actions to be taken to ensure equitable access and community engagement for this project.

KEY STAKEHOLDERS and PROJECTED IMPACTS

This funding opportunity would benefit individuals and families experiencing homelessness in the City of San Diego who are disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

ENVIRONMENTAL REVIEW

On May 2, 2023 the City of San Diego conducted an environmental review and determined the project is exempt from CEQA pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), 15302 (c) (Replacement or Reconstruction), and 15304 (Minor Alterations to Land). This activity is exempt pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), as there are no changes planned to the building footprint or property use and it will restore or rehabilitate the facility to meet current standards of public health and safety. The activity is also exempt pursuant to CEQA Guidelines Section 15302 (c) (Replacement or Reconstruction), which consists of the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity, and CEQA Guidelines Section 15304 (Minor Alterations to Land) that consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees. None of the exceptions to the exemptions outlined in CEQA Guidelines Section 15300.2 would apply as no cumulative impacts were identified, no significant effects on the environment were identified, the project is not adjacent to a scenic highway, and no historical resources would be affected by the action. Federal funds constitute a portion of the project's funding. A determination that the project is categorically excluded subject to Section 58.5 of the National Environmental Policy Act was approved by the City of San Diego on May 8, 2023.

Respectfully submitted,



Robert G. Bohrer
Vice President, Real Estate Finance and Acquisitions
Real Estate Division

Approved by,



Jeff Davis
Interim President & CEO
San Diego Housing Commission

Attachments:

1. Pro forma
2. Appraisal
3. Homekey Award Letter
4. Housing Commission Board Resolution HC-1985
5. Purchase and Sale Agreement
6. Extension and Closing Deadline

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.

Ramada - Sports Arena

Draft Date: 11/06/2023 - 9:11 AM

SECTION 1: PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS									
GENERAL PROJECT INFORMATION					BUILDING AREA				
Project Name	Ramada - Sports Arena				Gross Building Square Footage	21,912		sf	
Purchase Price	\$11,634,623				Residential	21,912		sf	
Project Address	3747 Midway Dr., 92110				Common Area	-		sf	
Year Built	1959				Land	36,154		sf	
Total Units	63					-		sf	
MSA	San Diego County					-		sf	
Area Media Income						-		sf	
Project Type						-		sf	
Prospected Owner Entity	SDHC				Approximate Gross Building Area			sf	

SECTION 2: UNIT MIX & PROJECT INCOME												
RESIDENTIAL INCOME												
Bedroom Type		Number of Units	% of Total	Net Area (SF)	Gross Square Feet	Section 8 Payment Standard	Utility Allowance		Max Rent		Monthly Income	Annual Income
PSH	Studio	47	75.8%	350	16,450	\$1,718	\$0		\$1,718		80,746	\$968,952
PSH	Studio	15	23.8%	350	5,250	\$2,062	\$0		\$2,062		30,930	\$371,160
		0	0.0%	0	0	\$0	\$0		\$0		-	\$0
Manager	Studio	1	1.6%	463	463	\$0	\$0	\$0	\$0	0%	-	\$0
Total/Average		63	101.2%	352	22,163	\$0	\$0.00		\$1,773	0%	111,676	\$1,340,112
COMMERCIAL INCOME (NNN)					OTHER INCOME				ESCALATORS & VACANCY			
Unit Type	Net SF	\$/SF/Month	Monthly	Annual	Residential	\$/unit/Month	Monthly	Annual	Item	Rate		
Commercial Suites	0	\$0.00	\$0	\$0	Parking Income	\$0.00	\$0	\$0	Escalator for Income	2.5%		
Vacancy	5%			\$0	Storage Income	\$0.00	\$0	\$0	Escalator for Expenses	3.5%		
Total				\$0	Laundry Income	\$0.00	\$0	\$0	Escalator for P'ship Expenses	3.0%		
					Fees and Charges	\$0.00	\$0	\$0	Escalator for Misc Expenses	1.0%		
					Other	\$0.00	\$0	\$0	Residential Vacancy	5.0%		
					Total other income/month	\$0.00	\$0	\$0				

SECTION 3: EXPENSES			
Category	PUPA		Total Annual
Admin	\$3,158	per unit	\$198,975
Utilities	\$3,670	per unit	\$231,202
Maintenance	\$5,682	per unit	\$357,965
Security	\$4,083		\$257,253
Insurance/Taxes	\$522	per unit	\$32,886
Bad Debt	\$250	per unit	\$15,750
Replacement Reserves	\$500	per unit	\$31,500
Supportive Services			\$0
	\$0	per unit	\$0
Total Expenses	\$17,866		\$1,125,531

SECTION 4: PROJECT MILESTONES	
Approval Milestones	Date

SECTION 5: ASSUMPTIONS	
Waterfall Assumptions	
Other Assumptions	

SECTION 6: FINANCING SOURCE ASSUMPTIONS	
RESERVED (PERM LOAN)	
DCR	1.15
Amort (Years)	-
All-in Rate	0.00%
Annual PMT	-
Perm Loan Amt	\$0
TBD SOFT FUNDING	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.
SOFT FUNDING TBD	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.
SOFT FUNDING TBD	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.
RESERVED (CONSTRUCTION LOAN)	
RESERVED (LIHTC EQUITY)	
ACQUIRED RESERVES	
Existing Reserves	\$0
RESERVED (PAY-IN SCHEDULE)	

SECTION 7: QUICK LOOK SUMMARY			
Operating Summary	Total	Per Unit	% of EGI
Gross Rental Income	\$1,340,112	\$21,272	
Other Income	\$9,846	\$156	
(Less) Vacancy @ 5%	(\$67,498)	(\$1,071)	
Effective Gross	\$1,282,460	\$20,357	
Commercial Income	\$0	\$0	
(Less) Vacancy @ 0%	\$0	\$0	
Total Gross	\$1,282,460	\$20,357	
(Less) Operating Exp	(\$1,094,031)	(\$17,366)	
(Less) Other Expenses	(\$4,000)	(\$63)	
Net Operating Income	\$184,430	\$2,927	
(Less) Debt Service	\$0	\$0	
Net Cash Flow	\$184,430	\$2,927	
Developer Fee Installments			
Closing			
25% Completion			
50% Completion			
75% Completion			
100% Completion			
8609s			
Deferred			
Total Developer Fee			0%
Sources:	Total	Per Unit	% of Total
STATE HCD FUNDS	16,850,000	\$267,460	56.6%
PERM LOAN	(0)	(\$0)	0.0%
CITY OF SAN DIEGO	5,921,281	\$93,989	19.9%
COUNTY OF SAN DIEGO	5,921,281	\$93,989	19.9%
DEFERRED DEVELOPER FEE	1,075,460	\$17,071	3.6%
GAP	0	\$0	0.0%
Total Sources	29,768,022	\$472,508	100%
Uses:	Total	Per Unit	% of Total
ACQUISITION COSTS	11,623,000	\$184,492	39.0%
HARD COSTS	14,420,126	\$228,891	48.4%
PERMITS & FEES	428,004	\$6,794	1.4%
A&E	1,148,675	\$18,233	3.9%
THIRD PARTY REPORTS	172,074	\$2,731	0.6%
FINANCING COSTS	-	\$0	0.0%
RESERVES	687,777	\$10,917	2.3%
OTHER SOFT COSTS	212,905	\$3,379	0.7%
DEVELOPER FEE	1,075,460	\$17,071	3.6%
Total Uses	29,768,022	\$472,508	100.0%

Ramada - Sports Arena
DEVELOPMENT COSTS

	Unit Cost	Per Unit	% of Total	Total
ACQUISITION COSTS				
ACQUISITION COSTS	\$11,623,000	\$184,492	39.4%	11,623,000
BROKER FEE/COMMISSION	0%	\$0	0.0%	
OTHER ACQUISITION COSTS	0.10%	\$184	0.0%	-
TOTAL ACQUISITION & CLOSING COSTS		\$184,677	39.4%	11,623,000
HARD COSTS				
REHABILITATION (RESIDENTIAL) Prevail. Wage	\$173,000	\$173,000	36.9%	8,354,074
GENERAL CONDITIONS/REQUIREMENTS	11.00%	\$19,030	4.1%	1,048,890
GENERAL CONTRACTOR FEE (OHP)	5.00%	\$8,650	1.8%	520,000
BONDING & INSURANCE	3.00%	\$5,190	1.1%	326,970
HARD COST CONTINGENCY (OWNER)	10.00%	\$20,587	4.4%	1,270,192
TOTAL HARD COSTS		\$226,457	48.4%	14,420,126
PERMITS & FEES				
MUNICIPAL	3.00%	\$6,794	1.5%	428,004
TOTAL PERMITS & FEES		\$6,794	1.5%	428,004
ARCHITECTURE & ENGINEERING				
ARCHITECT	7.00%	\$15,852	3.4%	998,675
CIVIL ENGINEERING	\$100,000	\$1,587	0.3%	100,000
OTHER CONSULTANTS-SPECIAL INSPECTIONS	\$50,000	\$794	0.2%	50,000
TOTAL ARCHITECTURE & ENGINEERING		\$18,233	3.9%	1,148,675
THIRD PARTY REPORTS				
APPRAISAL	\$6,000	\$95	0.0%	7,500
MARKET STUDY	\$6,500	\$103	0.0%	7,000
ENVIRONMENTAL (PH1 & PH2)	\$15,000	\$238	0.1%	15,000
PHYSICAL NEEDS ASSESSMENT	\$6,800	\$108	0.0%	6,800
ALTA SURVEY	\$11,100	\$176	0.0%	11,100
OTHER CONSULTANTS	\$59,003	\$937	0.2%	59,003
OTHER TECHNICAL REPORTS	\$50,210	\$797	0.2%	50,210
THIRD PARTY REPORT CONTINGENCY	10.00%	\$245	0.1%	15,461
TOTAL DILIGENCE COSTS		\$2,700	0.6%	172,074
RESERVES				
REPLACEMENT RESERVE - INITIAL DEPOSIT	\$500	\$500	0.1%	31,500
LEASE UP RESERVE	3	\$4,466	1.0%	296,230
OPERATING RESERVE	0	\$0	0.0%	360,047
TOTAL RESERVES		\$4,966	1.1%	687,777
OTHER SOFT COSTS				
LEGAL - DEVELOPER	\$50,000	\$794	0.2%	-
RELOCATION COSTS	\$0	\$0	0.0%	
RELOCATION STUDY	\$15,000	\$238	0.1%	-
PREPAID INSURANCE	\$100,000	\$1,587	0.3%	-
TITLE/ESCROW/RECORDING/TRANSFER TAX	\$20,000	\$317	0.1%	25,000
LABOR COMPLIANCE	\$149,801	\$2,378	0.5%	149,801
BORROWER FINANCIAL ANALYST	\$35,000	\$556	0.1%	-
FF&E - RESIDENTIAL	\$500	\$500	0.1%	
FF&E - COMMON AREA	\$25,000	\$397	0.1%	
SOFT COST CONTINGENCY	10.00%	\$605	0.1%	38,104
TOTAL OTHER SOFT COSTS		\$7,372	1.6%	212,905
DEVELOPER FEE				
DEVELOPER FEE ON ACQUISITION	5%	\$9,234	2.0%	1,075,460
DEVELOPER FEE ON REHAB	15%	\$7,846	1.7%	
TOTAL DEVELOPER FEE		\$17,080	3.6%	1,075,460
GRAND TOTAL DEVELOPMENT COSTS		\$468,278	100.0%	29,768,022

Ramada - Sports Arena

Cash Flow Analysis 1.1

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING BUDGET																
GROSS RENTAL INCOME		1,340,112	1,373,615	1,407,955	1,443,154	1,479,233	1,516,214	1,554,119	1,592,972	1,632,796	1,673,616	1,715,457	1,758,343	1,802,302	1,847,359	1,893,543
Other Income		9,846	10,092	10,344	10,603	10,868	11,140	11,418	11,704	11,996	12,296	12,604	12,919	13,242	13,573	13,912
(Less) Vacancy @ 5%		(67,498)	(69,185)	(70,915)	(72,688)	(74,505)	(76,368)	(78,277)	(80,234)	(82,240)	(84,296)	(86,403)	(88,563)	(90,777)	(93,047)	(95,373)
EFFECTIVE GROSS INCOME	2.50%	1,282,460	1,314,522	1,347,385	1,381,069	1,415,596	1,450,986	1,487,261	1,524,442	1,562,553	1,601,617	1,641,657	1,682,699	1,724,766	1,767,885	1,812,083
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME		1,282,460	1,314,522	1,347,385	1,381,069	1,415,596	1,450,986	1,487,261	1,524,442	1,562,553	1,601,617	1,641,657	1,682,699	1,724,766	1,767,885	1,812,083
(Less) Total Operating Expenses	3.50%	(1,094,031)	(1,132,322)	(1,171,953)	(1,212,971)	(1,255,425)	(1,299,365)	(1,344,843)	(1,391,912)	(1,440,629)	(1,491,051)	(1,543,238)	(1,597,252)	(1,653,155)	(1,711,016)	(1,770,901)
(Less) Other Expenses	1.00%	(4,000)	(4,040)	(4,080)	(4,121)	(4,162)	(4,204)	(4,246)	(4,289)	(4,331)	(4,375)	(4,418)	(4,463)	(4,507)	(4,552)	(4,598)
NET OPERATING INCOME		184,430	178,160	171,351	163,977	156,008	147,417	138,172	128,241	117,592	106,191	94,001	80,985	67,104	52,317	36,583
(Less) Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROJECT CASH FLOW		184,430	178,160	171,351	163,977	156,008	147,417	138,172	128,241	117,592	106,191	94,001	80,985	67,104	52,317	36,583
Replacement Reserve Deposit		(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)
Cash Flow After Reserves		152,930	146,660	139,851	132,477	124,508	115,917	106,672	96,741	86,092	74,691	62,501	49,485	35,604	20,817	5,083
Asset Management Fee	3.00%	(38,168)	(39,313)	(40,492)	(41,707)	(42,958)	(44,247)	(45,575)	(46,942)	(48,350)	(49,801)	(51,295)	(52,833)	(54,418)	(56,051)	(57,733)
Cash Flow after Reserves and AM Fees		114,762	107,347	99,359	90,770	81,550	71,670	61,097	49,799	37,742	24,890	11,206	(3,349)	(18,815)	(35,234)	(52,649)
DEFERRED DEVELOPER FEE																
Beginning Balance		1,075,460	960,698	853,352	753,993	663,223	581,673	510,004	448,907	399,107	361,365	336,475	325,269	325,269	325,269	325,269
Interest on Deferred Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT	100.00%	(114,762)	(107,347)	(99,359)	(90,770)	(81,550)	(71,670)	(61,097)	(49,799)	(37,742)	(24,890)	(11,206)	-	-	-	-
Developer Fee Balance		960,698	853,352	753,993	663,223	581,673	510,004	448,907	399,107	361,365	336,475	325,269	325,269	325,269	325,269	325,269
SD County Loan																
Beginning Balance		5,921,281	6,098,920	6,276,558	6,454,197	6,631,835	6,809,473	6,987,112	7,164,750	7,342,389	7,520,027	7,697,666	7,875,304	8,052,942	8,230,581	8,408,219
Interest	3.00%	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638
(Less) Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan Balance		6,098,920	6,276,558	6,454,197	6,631,835	6,809,473	6,987,112	7,164,750	7,342,389	7,520,027	7,697,666	7,875,304	8,052,942	8,230,581	8,408,219	8,585,858

Ramada - Sports Arena

Cash Flow Analysis 1.1

		Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
OPERATING BUDGET																
GROSS RENTAL INCOME		1,940,882	1,989,404	2,039,139	2,090,117	2,142,370	2,195,930	2,250,828	2,307,098	2,364,776	2,423,895	2,484,493	2,546,605	2,610,270	2,675,527	2,742,415
Other Income		14,260	14,616	14,982	15,356	15,740	16,134	16,537	16,951	17,374	17,809	18,254	18,710	19,178	19,657	20,149
(Less) Vacancy @ 5%		(97,757)	(100,201)	(102,706)	(105,274)	(107,906)	(110,603)	(113,368)	(116,202)	(119,108)	(122,085)	(125,137)	(128,266)	(131,472)	(134,759)	(138,128)
EFFECTIVE GROSS INCOME	2.50%	1,857,385	1,903,819	1,951,415	2,000,200	2,050,205	2,101,460	2,153,997	2,207,847	2,263,043	2,319,619	2,377,609	2,437,050	2,497,976	2,560,425	2,624,436
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME		1,857,385	1,903,819	1,951,415	2,000,200	2,050,205	2,101,460	2,153,997	2,207,847	2,263,043	2,319,619	2,377,609	2,437,050	2,497,976	2,560,425	2,624,436
(Less) Total Operating Expenses	3.50%	(1,832,883)	(1,897,034)	(1,963,430)	(2,032,150)	(2,103,275)	(2,176,890)	(2,253,081)	(2,331,939)	(2,413,557)	(2,498,031)	(2,585,462)	(2,675,953)	(2,769,612)	(2,866,548)	(2,966,877)
(Less) Other Expenses	1.00%	(4,644)	(4,690)	(4,737)	(4,785)	(4,832)	(4,881)	(4,930)	(4,979)	(5,029)	(5,079)	(5,130)	(5,181)	(5,233)	(5,285)	(5,338)
NET OPERATING INCOME		19,858	2,095	(16,752)	(36,734)	(57,903)	(80,310)	(104,014)	(129,071)	(155,543)	(183,491)	(212,983)	(244,085)	(276,869)	(311,408)	(347,780)
(Less) Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROJECT CASH FLOW		19,858	2,095	(16,752)	(36,734)	(57,903)	(80,310)	(104,014)	(129,071)	(155,543)	(183,491)	(212,983)	(244,085)	(276,869)	(311,408)	(347,780)
Replacement Reserve Deposit		(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)
Cash Flow After Reserves		(11,642)	(29,405)	(48,252)	(68,234)	(89,403)	(111,810)	(135,514)	(160,571)	(187,043)	(214,991)	(244,483)	(275,585)	(308,369)	(342,908)	(379,280)
Asset Management Fee	3.00%	(59,465)	(61,248)	(63,086)	(64,978)	(66,928)	(68,936)	(71,004)	(73,134)	(75,328)	(77,588)	(79,915)	(82,313)	(84,782)	(87,326)	(89,945)
Cash Flow after Reserves and AM Fees		(71,107)	(90,653)	(111,338)	(133,213)	(156,330)	(180,746)	(206,518)	(233,705)	(262,370)	(507,570)	(568,881)	(633,483)	(701,520)	(773,142)	(848,505)
DEFERRED DEVELOPER FEE																
Beginning Balance		325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269
Interest on Deferred Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Balance		325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269	325,269
SD County Loan																
Beginning Balance		8,585,858	8,763,496	8,941,135	9,118,773	9,296,411	9,474,050	9,651,688	9,829,327	10,006,965	10,184,604	10,362,242	10,539,881	10,717,519	10,895,157	11,072,796
Interest	3.00%	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638	177,638
(Less) Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan Balance		8,763,496	8,941,135	9,118,773	9,296,411	9,474,050	9,651,688	9,829,327	10,006,965	10,184,604	10,362,242	10,539,881	10,717,519	10,895,157	11,072,796	11,250,434

Appraisal Of

Ramada Inn

**3737 Midway Drive
San Diego, CA 92110**

Effective Date: March 1, 2023

Report Date: June 1, 2023

San Diego Housing Commission

Emily Jacobs

**Executive Vice President, Real Estate
1122 Broadway, Suite 300
San Diego, CA 92101**

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June 1, 2023

Emily Jacobs
Executive Vice President, Real Estate
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Appraisal of Ramada Inn
3737 Midway Drive
San Diego, CA 92110

Dear Ms. Jacobs:

We are pleased to present the findings with respect to the value of the above-referenced property, Ramada Inn (Subject). The intended user and client of this report is San Diego Housing Commission and their assigns. Additional intended users include The California Department of Housing and Community Development (HCD), and any other funding agency, lender or partnership formed. California Tax Credit Allocation Committee (TCAC) and the California Debt Limit Allocation Committee (CDLAC) may rely upon the appraisal as an intended user related to the low-income housing tax credits application. This report is intended to comply with California Tax Credit Allocation Committee (TCAC)/California Debt Limit Allocation Committee (CDLAC) appraisal requirements. The intended use is to provide assistance with investment analysis.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Valuation Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report as defined by USPAP.

The value conclusions were based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of this report. Events or transactions that may have occurred subsequent to the effective date of our opinion have not been considered. We are not responsible to update or revise this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

Special & Extraordinary Limiting Conditions

Per TCAC regulations, the valuation assumes the hypothetical condition that the site is vacant. A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. The use of the hypothetical conditions may affect assignment results.

Homekey appraisal requirements, indicate we have to provide an existing use value regardless of the appraisers concluded highest and best use; therefore the value of the property as a hotel is presented. The Subject is a motel presently operating and plans convert to a 63-unit property of studio units located at 3737 Midway Drive in San Diego. The property is in contract to transfer and operate with the Homekey program subsidies and convert to permanent supportive housing. The special needs population targeting consists of 25% chronic homeless, 25% Transition Aged Youth Homeless, and 50% literally homeless. San Diego Housing Commission will provide project based Section 8 vouchers for 62 units. The highest and best use as improved is the Subject operating as permanent supportive housing in accordance with planned regulatory agreements. Because the property may transition from interim housing to permanent supportive housing, no discounting for time subsidy program is necessary. The analysis relies upon information supplied relating to proposed project based vouchers. Should changes to information provided occur, it may impact value presented and require re-evaluation.

The property presently is an operating motel, and improvements from motel use to studio apartments will require installation of kitchenettes in units. It is anticipated good quality construction materials will be utilized and performed in good workmanlike manner. For the permanent supportive housing value, the valuation assumes the hypothetical condition construction work has been completed. A deduction for the estimated costs associated with the kitchenette appliances and installation is incorporated. Should changes to information provided occur, it may impact value presented and require re-evaluation.

The following are our opinions of value as of March 1, 2023:

Value Conclusion	
Hypothetical Market Value of Land As If Vacant	\$4,910,000
Market Value Fee Simple Interest Permanent Supportive Housing	\$12,800,000
Market Value Fee Simple Interest Existing Use	\$11,970,000

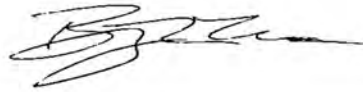
We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,

KINETIC VALUATION GROUP, INC.



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ADDENDA

EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

Property Appraised:

Ramada Inn (Subject) is an existing 64 room motel inclusive of one employee unit, totaling 63 rentable motel rooms presently. The developer is planning to convert the property into 63 studio multifamily units with supportive housing for homeless and at risk of homeless individuals pursuant to the Homekey program. One unit will be an employee unit. The units will be furnished. The property is located at 3737 Midway Drive, in San Diego, CA. The Subject has been assigned Assessor parcel number 441-250-22-00.

Legal Interest Appraised:

The property interest appraised is fee simple subject to any and all encumbrances, if applicable for each value estimate.

Site Area:

The site contains 0.83 acres or 36,155 square feet.

Zoning:

The Subject is zoned CC-1-3 Commercial Community Zone. This zone is intended to accommodate commercial uses and also permits multifamily developments with a maximum density of one dwelling unit per 1,500 square feet of lot area. The Subject is 36,155 square feet, which allows for 24 units; however, the Subject will provide 63 units. The zone does not require parking; however, since the Subject will provide 51 parking spaces, six spaces must be reserved for zero emission vehicles. The Subject is within 0.5 mile of bus transit and eligible for zoning density bonuses.

Correspondence to the city from the Subject developer provided for zoning confirmation summarized follows: “The site is within a Transit Priority Area and the proposed density should be allowed because the project is composed of 100% affordable units and would qualify for no maximum controls on density, per San Diego Municipal Code Section 143.0740(e). “50675.1.1(g): Any project that uses funds received from the Coronavirus Relief Fund for any of the purposes specified in subdivision (a) shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.” CA Health and Safety Code Section 50675.1.1(a)(4) provides as follows: “Conversion of units from

nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.”

Project Homekey funds are Coronavirus Relief Funds and the proposed project (i.e., conversion of the motel at 3737 Midway Drive to a residential facility) is a project “specified in subdivision (a)” of Section 50675.1.1. Therefore, the conversion and use of the motel at 3737 Midway Drive as a residential facility is a “permitted use.” Therefore the Subject, as proposed, represents a legal conforming use.

**Subject Property
Description:**

The Subject consists of a two-story motel building existing 64 room motel inclusive of one employee unit, totaling 63 rentable motel rooms. The building also includes lobby area, laundry area, guest laundry area, and management offices. The site is improved with 51 parking spaces. The building is U-shaped wood frame construction with stucco siding on concrete slab foundation, constructed in 1959 and renovated in 2011.

The Subject is intended to convert to 63 permanent supportive housing multifamily units prior to completion of the five-year Homekey interim housing program. The property is proposed to receive 62 project based Section 8 vouchers. In order for them to receive Section 8 vouchers kitchenettes would need to be added. The client provided contractor estimate for installation of kitchenettes and related construction costs totals of \$1,169,072, or \$18,266 per unit shown below.

Kitchenettes at Ground Floor and Second Floor

Kitchenette renovations and upgrades including new ceilings, MEP, floor finishes, wall framing, gypsum board, doors, thresholds, paint, etc.	6,200	sf	\$125.00	\$775,000.00
Appliances - refrigerator, electrical range/oven, hood	62	ea	\$2,500.00	\$155,000.00
Cabinets, upper & lower	496	lf	\$325.00	\$161,200.00
Countertops	496	lf	\$157.00	\$77,872.00

A construction cost estimate based upon Marshall & Swift Valuation Section 52 Page 6 ranges from \$2,390 to \$5,900 per unit cost, which compares with the client’s equipment estimate that equates to \$6,157 per unit. For analysis purposes, we estimate \$6,150 per unit for the kitchenettes equipment totaling \$393,600. Reliance is placed upon the contractor’s estimate for additional costs related to upgrading renovations of \$775,000. Total costs for

kitchenettes equipment and estimated renovations costs associated with the kitchenettes is \$1,168,600, rounded to \$1,170,000. This cost will be deducted from the value indications in the income and sales comparison approaches.

Following is the proposed unit mix and rents as a permanent supportive housing development.

Unit Mix, Size, Rents							
Unit Type	Number	Unit Size	Net Rents	Utility Allowance	Gross Rents	2022 Max Allowable LIHTC Rents	Project Based Voucher Rents
30% AMI/PSH Units							
0BR/1BA	62	295-535	\$683	\$0	\$683	\$683	\$1,718
Manager Unit							
0BR/1BA	1	535	\$0	-	-	-	
Total	63						

**Highest and Best Use
“As Vacant”:**

The highest and best use for the property “as vacant” would be to construct a multifamily residential complex with financial subsidies.

**Highest and Best Use
“As Improved”:**

Completion of conversion to multifamily use with operation with Homekey subsidies and conversion to permanent supportive housing in the near term.

Inspection Date:

The Subject site and representative units were inspected on March 1, 2023.

Marketing/Exposure Period:

Six – 12 Months.

FACTUAL DESCRIPTION

Property Identification

The Subject consists of a two-story 64 room motel inclusive of one employee unit, totaling 63 rentable motel rooms presently. The building also includes lobby area, laundry area, guest laundry area, and management offices. The site is improved with 51 parking spaces. The building is U-shaped wood frame construction with stucco siding on concrete slab foundation, constructed in 1959 and renovated in 2011. The property is located at 3737 Midway Drive, in San Diego, CA. The Subject has been assigned Assessor parcel number 441-250-22-00.

The Subject is intended to convert to 63 permanent supportive housing multifamily units prior to completion of the five-year Homekey interim housing program. The property is proposed to receive project based Section 8 vouchers. The units will be furnished. The special needs population targeting consists of 25% chronic homeless, 25% Transition Aged Youth Homeless, and 50% literally homeless. San Diego Housing Commission will provide project based Section 8 vouchers for 62 units. In order for them to receive Section 8 vouchers kitchenettes will need to be added. One unit will be an employee unit.

Intended Use and Intended Users of Appraisal

The intended user and client of this report include San Diego Housing Commission and their assigns. Additional intended users include The California Department of Housing and Community Development (HCD), and any other funding agency, lender or partnership formed. California Tax Credit Allocation Committee (TCAC) and the California Debt Limit Allocation Committee (CDLAC) may rely upon the appraisal as an intended user related to the low income housing tax credits application. This report is intended to comply with California Tax Credit Allocation Committee (TCAC)/California Debt Limit Allocation Committee (CDLAC) appraisal requirements. The intended use is to provide assistance with investment analysis.

Compliance and Competency Provision

We are aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations.

Legal Description

Included in the Addenda.

Property Interest Appraised

The property interest appraised is the fee simple estate.

Market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Fair Market Value is defined as: The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

It is noted that while the Homekey appraisal requirements specify market value definition is fair market value, however, there is not property taken within the context of this valuation.

Date of Inspection and Effective Date of Appraisal

The Subject was inspected and photographed on September 22, 2022. The effective date is consistent with market research as of March 1, 2023. This shall be the effective date of the appraisal.

Compliance and Competency Provision

We are aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations.

Scope of Appraisal

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- Byron Lea, MAI, a CA Certified General Real Estate Appraiser, performed a physical inspection of the property and the Subject's neighborhood September 22, 2022. No new inspection was conducted for this assignment but we have confirmed the property is in the same condition.
- The identification of the property to be appraised is based on information provided by the client and the property representative.
- Regional, city, and county data were based on information obtained from newspaper articles, city of San Diego, San Diego County, ESRI Demographics, the Bureau of Labor Statistics, and other resources available to the appraiser. This was performed Thomas Veleba under the supervision of Amanda Baker, MAI.

¹ 7th Edition of The Dictionary of Real Estate Appraisal.

- Data collection and analysis of market conditions currently affecting the county's real estate market on a national and regional level was conducted. This included, but was not limited to, the review and analysis of data pertaining to supply and demand for real estate properties, availability of financing and current financing terms, current interest and yield rates, buyer preferences, and economic forecasts. This was performed by Byron Lea, MAI.
- The research for land included northwestern areas of San Diego from 2018 to the present. The research for improved sales included the San Diego region and regionally areas of southern California. The market data was collected from the appraiser's office files, other appraisers, Realtors, newspapers articles, CoStar, title companies, LoopNet, Homekey awards documents, and public records. The land and improved sales were surveyed by Byron Lea, MAI.
- The information gathered from these surveys and investigations was then analyzed, and comparisons were made to the property. The valuation process included the Income and Sales Comparison Approaches. This was performed by Byron Lea, MAI
- Jay Wortmann, MAI reviewed the report but did not inspect the Subject.

Unavailability of Information

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

Ownership and History of Subject

Ownership of the site is vested in Anjali Enterprise LLC. The current ownership vesting purchased the property in August 2019 for \$9,000,000, and has not performed significant renovations; the property was exposed to the market at that time. Interview with the owner indicated it was a market transaction. The property is subject to a purchase agreement dated August 1, 2022 with San Diego Housing Commission (buyer) with a purchase amount of \$11,634,623. Analysis of the transaction demonstrates it's a market oriented transaction, with some slight buyer's advantage apparent. We are not aware of any other transfers in the previous three years.

REGIONAL AND LOCAL AREA ANALYSIS

The Subject is located in the southwestern portion of San Diego, San Diego County, California. San Diego is the second largest city in the state of California and the eighth largest in the United States, with a population of 1,386,932 people as of the 2020 census. This is a seven percent increase since the 2000 census. San Diego has a total area of 372 square miles and is the county seat of San Diego County.

San Diego County is the southernmost county in California bordering Orange and Riverside Counties to the north, Imperial County to the east, Mexico to the south, and the Pacific Ocean to the west. The county had an estimated population of 3,298,634 people in 2020, according to ESRI Demographics. This is an increase of approximately 6.5 percent since the 2010 Census. San Diego County is also designated as the San Diego-Carlsbad, California MSA.

Highway: The San Diego metropolitan area is served by an extensive freeway/interstate system, which includes the following roads:

Interstate 5 is a major north–south route along the entire west coast of the United States. This highway links the major California cities of San Diego, Santa Ana, Los Angeles, Stockton, Sacramento, and Redding. It travels through the western portion of San Diego, providing access to other major roadways within the metropolitan area including Interstate 8, State Route 94, and State Route 15 (an extension of Interstate 15).

Interstate 805 is a major north–south route through southern California. It is a bypass of Interstate 5, running through the center of the Greater San Diego region from San Ysidro (part of the city of San Diego) near the Mexico–U.S. border to near the city of Del Mar. It provides access to other major roadways within the metropolitan area including Interstate 5, State Route 94, and State Route 15 (an extension of Interstate 15).

California State Route 15, joined by Interstate 15, is a major north–south route in southern California. It connects San Bernardino, Riverside, and San Diego Counties. The route consists of the southernmost portion of interstate 15, which extends north through Nevada, Arizona, Utah, Idaho, and Montana to the Canadian border.

It is a major thoroughfare for traffic between San Diego and the Inland Empire and provides access to other major roadways within the metropolitan area including Interstate 5, Interstate 8, Interstate 805, and State Route 94.

Interstate 8 is a major east-west route through the southwestern United States. It runs from the western portion of San Diego to the junction with Interstate 10, just southeast of the city of Casa Grande, Arizona. The freeway travels through the central portion of the San Diego metropolitan area provides access to other major roadways within the metropolitan area including Interstate 5, State Route 94, and Interstate 15.

California State Route 56 (Ted Williams Freeway) is an east-west route running from Interstate 5 in Carmel Valley to Interstate 15. It serves as an important connector between these interstates, being the only east-west freeway between California State Route 78 in north San Diego County and California State Route 52 near Marine Corps Air Station Miramar.

California State Route 94 is a major east-west route through the central portion of San Diego. The western portion, known as the Martin Luther King Jr. Freeway, begins downtown San Diego and continues to the end of the freeway portion past State Route 125 in the city of Spring Valley. It provides access to other major roadways within the metropolitan area including Interstate 5, Interstate 805, and State Route 15 (an extension of Interstate 15).

Air: San Diego International Airport (SAN) is located approximately four miles southwest of the Subject. The airport is the nation's busiest single-runway commercial airport with 600 daily flights. The airport receives more than 16 million passengers a year and has 22 airlines providing non-stop service throughout the United States and non-stop services to Mexico and Canada.

Public Transportation

The San Diego Metropolitan Transit System (MTS) is the public transit service provider for about 570 square miles of the urbanized areas of San Diego County as well as the rural parts of East County. In total, MTS serves about 3 million people, generating approximately 92 million annual passenger trips. Services include bus and light rail as well as freight. The bus service includes almost 100 fixed bus routes as well as paratransit service. Light rail service is operated by San Diego Trolley, Inc. (SDTI) on four lines with 53 stations and 54.3 miles of rail.

The nearest bus stop to the Subject is located 0.06 miles from the Subject.

Healthcare

The UC San Diego Health Emergency Services is a 799-bed care facility located 2.96 miles east of the Subject. The hospital provides San Ysidro Health Center provides a wide variety of healthcare services including, but not limited to cancer care, emergency and trauma care, radiology, orthopedics, and sports medicine.

DELINEATION OF MARKET AREA

Primary and Secondary Market Area

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The Subject will be restricted to homeless households. Because the Subject will provide permanent supportive housing to the homeless population, the PMA is the city of San Diego. Individuals lacking permanent supportive housing are likely to move anywhere within the county to locate housing.

The PMA boundaries and overall market health assessment are based upon an analysis of demographic and socioeconomic characteristics, target tenant population, political jurisdictional boundaries, natural boundaries, experience of nearby comparable developments, accessibility to mass transit or key transportation corridors and commute patterns, and market perceptions as well as surveys of existing market rate and affordable apartment projects undertaken by Kinetic Valuation Group, Inc., and insights gained from resident managers, area planning staff, and others familiar with the multifamily market. We recognize a smaller sub-market may exist within this PMA; however, market data demonstrates that a significant amount of the renter base considers housing opportunities within this defined area. Given the opportunity to locate good quality affordable housing, the renter base will move within these areas. We anticipate the majority of demand will be generated from this geographic area. However, some leakage would be anticipated from outside the PMA from other parts outside of San Diego County.

There are no natural boundaries in San Diego County that would inhibit anyone from relocating to the Subject. The market area boundaries identified are a reasonable approximation regarding the potential renter market for the Subject. Both market rate and affordable rental housing of all types is in strong demand. Rental housing in the PMA appears to be stable, with low vacancy rates.

The secondary market area (SMA) for the Subject is San Diego County. Maps outlining the PMA and SMA can be found on the following page.

Primary and Secondary Market Area Maps

PMA



SMA

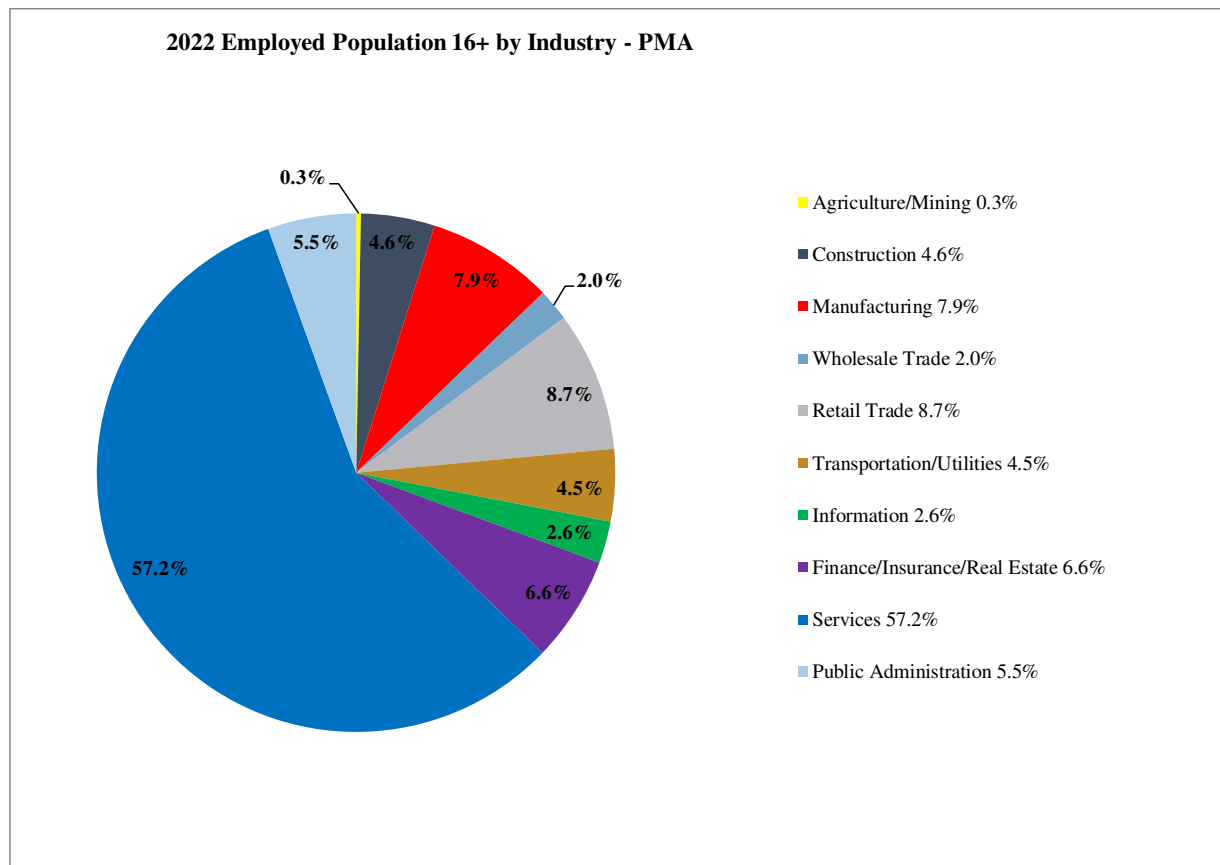


MARKET AREA ECONOMY

The following discussion includes an analysis of the local economy. This section will present and analyze information regarding employment by industry, the major employers, and unemployment trends. Information was provided, where available, for the Subject's PMA. We obtained economic information from ESRI Demographics, the Bureau of Labor Statistics, City of San Diego, and California Employment Development Department. These data sources are reliable and current.

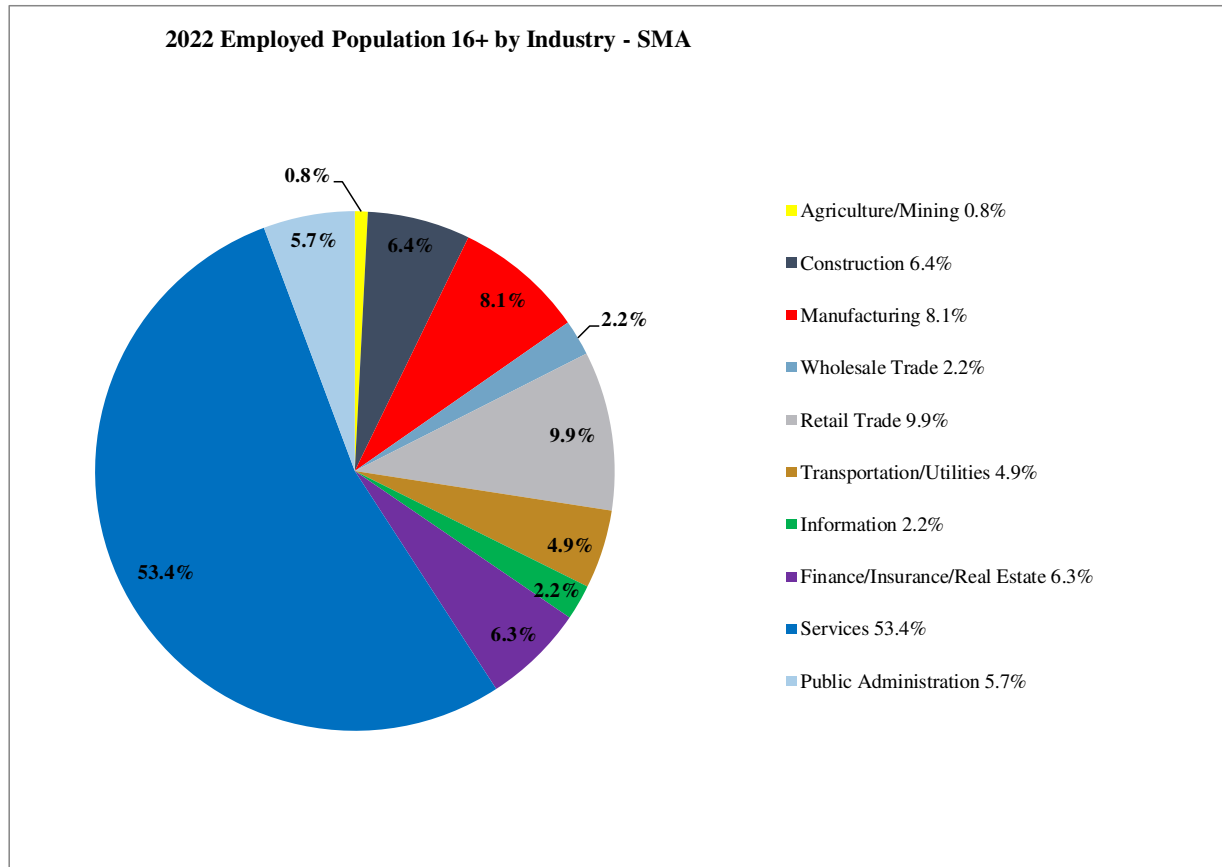
Employment by Industry

The following charts illustrate the distribution of employment sectors by industry within the PMA and SMA.



Source: ESRI Demographics

The largest employment sector in the PMA is the services sector with 57.2 percent, followed by the retail trade sector with 8.7 percent, and the manufacturing sector with 7.9 percent.



Source: ESRI Demographics

The largest employment sector in the SMA is the services sector with 53.4 percent, followed by the retail trade sector with 9.9 percent, and the manufacturing sector with 8.1 percent.

Major Employers

The following charts identify the major employers in San Diego and San Diego County.

City of San Diego, CA Major Employers - 2021		
Employer	Industry	# Employees
Naval Base San Diego	Government	41,321
University of California, San Diego	Education	37,064
Sharp Health Care	Healthcare	18,839
County of San Diego	Government	16,744
Scripps Health	Education	13,787
San Diego Unified School District	Healthcare	13,559
Qualcomm Inc	Government	11,546
City of San Diego	Technology	11,466
Kaiser Permanente	Education	9,632
Northrop Grumman Corporation	Healthcare	6,075

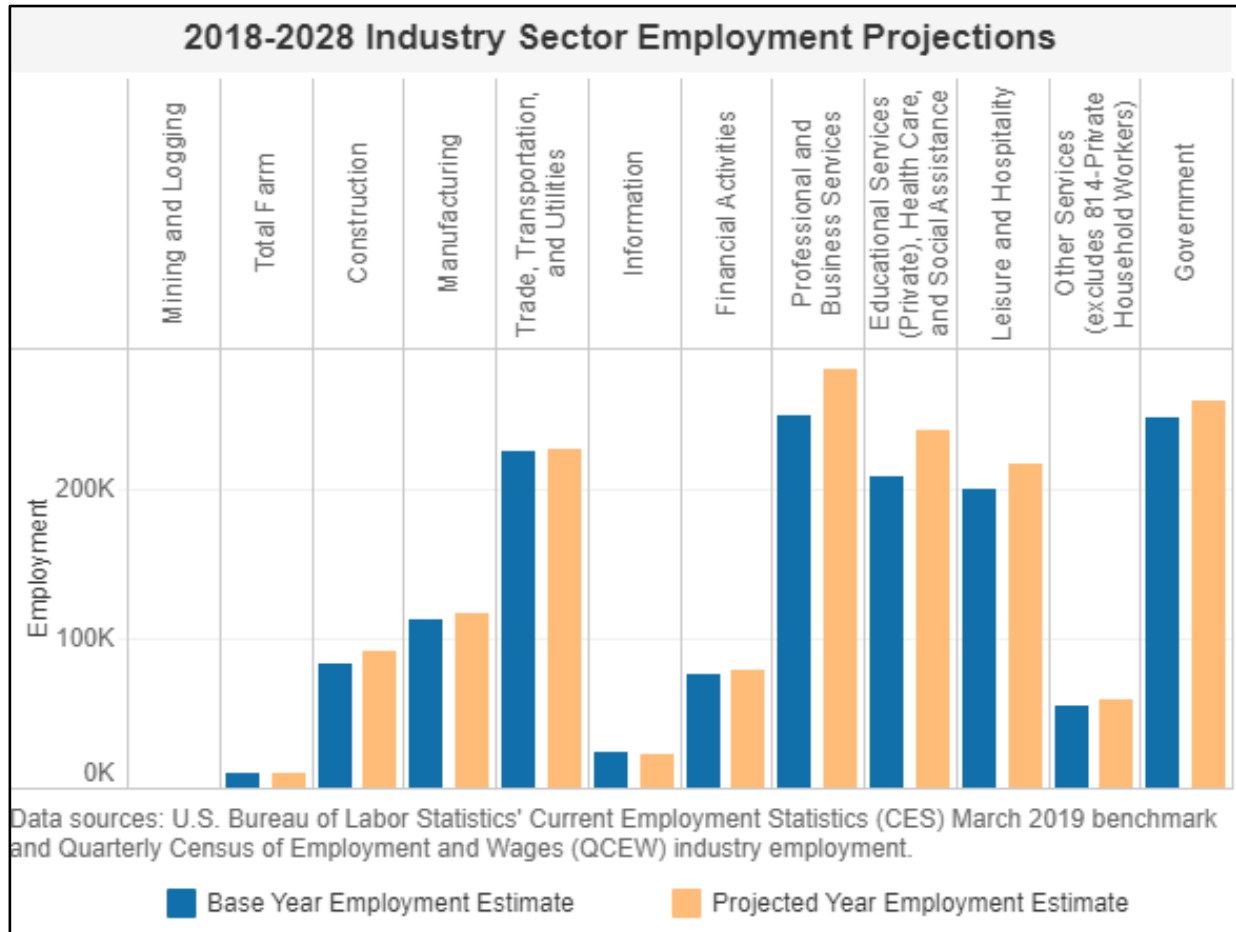
Source: City of San Diego Comprehensive Annual Financial Report 2022

San Diego County, CA Major Employers - 2022		
Employer Name	Location	Industry
32nd St Naval Station	San Diego	Federal Government-National Security
Ceasar Entertainment	Valley Center	Restaurants
General Dynamics NASSCO	San Diego	Ship Builders & Repairers (mfrs)
Illumina Inc	San Diego	Biotechnology Products & Services
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
MCCS MCRD SN DIEGO-MRNE CORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Page One Seo	San Diego	Mental Health Services
Palomar Pomerado Health Rehab	Escondido	Rehabilitation Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hosp Sn Diego	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
SDG & E	San Diego	Gas Companies
Seaworld San Diego	San Diego	Water Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Grossmont Rehab Ctr	La Mesa	Rehabilitation Services
Sharp Mary Birch Hosp	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics	San Diego	Electronic Equipment & Supplies-Retail
UC San Diego Health	San Diego	Health Care Management
Ucsd-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-California Sn Diego	La Jolla	Schools-Universities & Colleges Academic

Source: CA EDD

Employment Expansion/Contractions and Trends

The information below was obtained from the Employment Development Department (EDD) about the San Diego-Carlsbad Metropolitan Statistical Area, which consists of San Diego County.



2018-2028 Fastest Growing Occupations						
Standard Occupational Classification	Occupational Title	Base Year Employment Estimate	Projected Year Employment Estimate	Percentage Change	Median Hourly Wage	Median Annual Wage
29-1171	Nurse Practitioners	1,340	2,260	68.7%	\$60.19	\$125,209
15-2041	Statisticians	740	1,060	43.2%	\$53.38	\$111,021
11-9111	Medical and Health Services Managers	3,100	4,350	40.3%	\$58.15	\$120,944
29-1071	Physician Assistants	1,060	1,480	39.6%	\$58.31	\$121,297
31-2021	Physical Therapist Assistants	650	890	36.9%	\$29.68	\$61,732
29-1126	Respiratory Therapists	1,550	2,080	34.2%	\$40.96	\$85,199
29-2056	Veterinary Technologists and Technicians	1,060	1,410	33.0%	\$21.96	\$45,679
15-2031	Operations Research Analysts	1,030	1,370	33.0%	\$47.54	\$98,876
27-3091	Interpreters and Translators	1,010	1,340	32.7%	\$34.97	\$72,748
29-1131	Veterinarians	1,280	1,690	32.0%	\$53.74	\$111,787

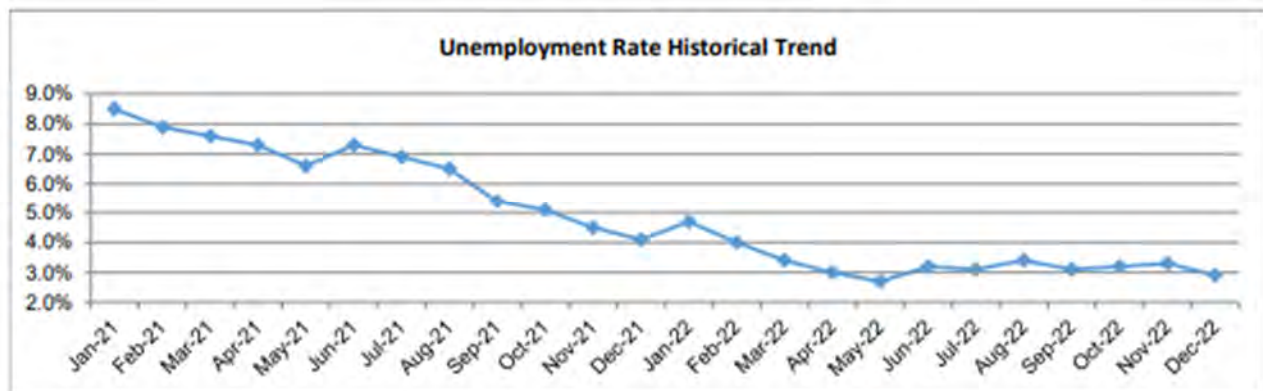
The top three industries with the highest level of employment in San Diego County include professional and business services; government; and educational services, health care, and social assistance. Professional and business services; government; and educational services, health care, and social assistance are projected to see a 12.6, 4.5, and 14.7 percent increase, respectively, in employment between 2018 and 2028.

The January 2023 San Diego County press release published by the “State of California Employment Development Department, Labor Market Information Division” illustrates the following:

“Between December 2021 and December 2022, nonfarm employment increased by 50,500 (up 3.4 percent). Agricultural employment increased by 400, from 8,000 to 8,400.

- Leisure and hospitality rose by 18,100 jobs, the most significant increase over the year. Accommodation and food services (up 14,100) accounted for approximately 78 percent of the rise; notably, food services and drinking places increased by 11,200 jobs. Arts, entertainment, and recreation (up 4,000) made up the remaining job expansion.
- Employment advanced by 9,000 in professional and business services. Payrolls increased in administrative and support and waste management and remediation services (up 5,800), professional, scientific, and technical services (up 2,900), and management of companies and enterprises (up 300).
- Year-over employment increases were also reported in educational and health services (up 8,900), government (up 8,800), construction (up 5,800), other services (up 2,400), and information (up 300). Employment in mining and logging remained constant at 300. Trade, transportation, and utilities (down 1,100), financial activities (down 900), and manufacturing (down 800) posted job losses over the year.

The unemployment rate in the San Diego County was 2.9 percent in December 2022, down from a revised 3.3 percent in November 2022, and below the year-ago estimate of 4.1 percent. This compares with an unadjusted unemployment rate of 3.7 percent for California and 3.3 percent for the nation during the same period.”



Workforce and Unemployment Trends

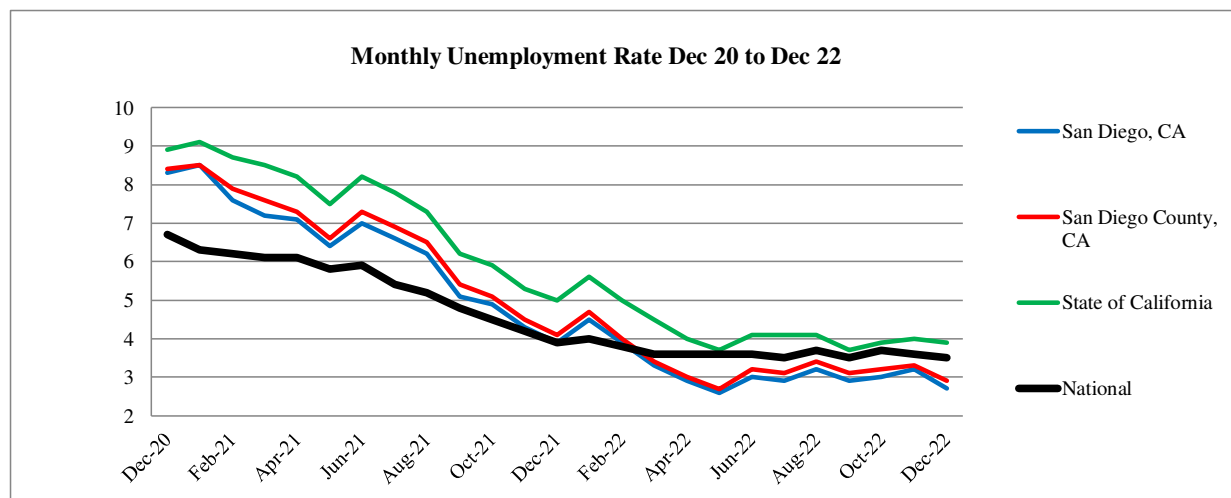
The table below illustrates the workforce and unemployment trends for the city of San Diego and San Diego County.

Unemployment Trends - 2011-2022 YTD								
Year	San Diego, CA				San Diego County, CA			
	Total Labor Force	Total Employment	Unemployment Rate (%)	(%) Change	Total Labor Force	Total Employment	Unemployment Rate (%)	(%) Change
2011	677,375	609,523	10.0	-	1,521,745	1,361,865	10.5	-
2012	685,334	624,726	8.8	-1.2	1,536,925	1,394,274	9.3	-1.2
2013	688,208	636,209	7.6	-1.2	1,537,644	1,415,625	7.9	-1.4
2014	690,228	647,467	6.2	-1.4	1,537,512	1,437,398	6.5	-1.4
2015	695,049	660,441	5.0	-1.2	1,548,794	1,467,686	5.2	-1.3
2016	704,277	672,005	4.6	-0.4	1,563,246	1,489,143	4.7	-0.5
2017	710,115	682,275	3.9	-0.7	1,570,791	1,507,180	4.0	-0.7
2018	716,240	692,800	3.3	-0.6	1,579,550	1,526,087	3.4	-0.6
2019	717,575	695,054	3.1	-0.2	1,582,874	1,531,029	3.3	-0.1
2020	698,641	634,115	9.2	6.1	1,541,979	1,395,730	9.5	6.2
2021	699,411	655,961	6.2	-3.0	1,543,678	1,443,815	6.5	-3.0
2022 YTD	721,000	701,197	2.7	-3.5	1,588,968	1,543,381	2.9	-3.6

Source: Bureau of Labor Statistics

Since 2011, the unemployment rate in San Diego has decreased year-over-year, with the exception of 2020. The unemployment rate was at a low of 3.1 percent in 2019 before climbing to 9.2 percent in 2020, due to the COVID-19 Pandemic. As of 2022 year-to-date, the unemployment rate has decreased to a decade low and pre-pandemic level 2.7 percent. The unemployment rate in the county has followed a similar trend.

Below we have compared the city, county, state, and national unemployment rates over the past 24 months.



Source: Bureau of Labor Statistics

The beginning of the previous 24-month period coincides with the middle of the COVID-19 Pandemic. Unemployment rates during this time spiked as the effects of government-mandated shutdowns and social distancing due to the COVID-19 Pandemic were felt. The city, MSA, state, and nation have generally shown a decreasing trend since December 2020, a result of businesses reopening as guidelines to manage the pandemic were put into place. The state has consistently maintained an unemployment rate above the city, county, and nation over the past 24 months. The city and county maintained an unemployment rate above the nation between December 2020 and February 2022. Since February 2022, the unemployment rate in these local areas has fallen below the nation.

Employment Trends

The following table illustrates the employment trends in San Diego and San Diego County from 2011 to 2022 year-to-date.

Employment Trends - 2011 - 2022 YTD				
	San Diego, CA		San Diego County, CA	
Year	Total Employment	Percentage Growth	Total Employment	Percentage Growth
2011	609,523	-	1,361,865	-
2012	624,726	2.5%	1,394,274	2.4%
2013	636,209	1.8%	1,415,625	1.5%
2014	647,467	1.8%	1,437,398	1.5%
2015	660,441	2.0%	1,467,686	2.1%
2016	672,005	1.8%	1,489,143	1.5%
2017	682,275	1.5%	1,507,180	1.2%
2018	692,800	1.5%	1,526,087	1.3%
2019	695,054	0.3%	1,531,029	0.3%
2020	634,115	-8.8%	1,395,730	-8.8%
2021	655,961	3.4%	1,443,815	3.4%
2022 YTD	701,197	6.9%	1,543,381	6.9%

Source: Bureau of Labor Statistics

Over the past decade, employment levels in San Diego increased year over year with the exception of 2020, when the city suffered an 8.8 percent decrease due to the COVID-19 Pandemic. Since then, employment has increased steadily. The county has followed a similar trend.

Wages by Occupation

The chart below shows the wages by occupation for San Diego County.

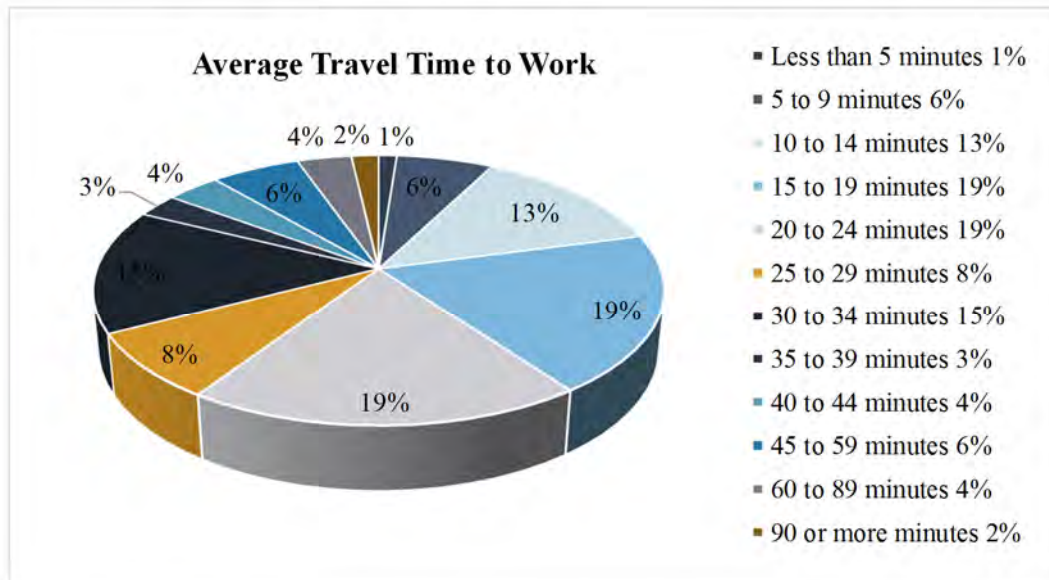
Wage by Occupation - San Diego County, CA- 2022			
Occupational Title	Number of Employees	Average Hourly Wage	Average Annual Wage
Total all occupations	1,390,410	\$33.62	\$69,917
Management Occupations	105,500	\$65.36	\$135,964
Business and Financial Operations Occupations	101,930	\$41.87	\$87,090
Computer and Mathematical Occupations	55,750	\$54.72	\$113,824
Architecture and Engineering Occupations	39,600	\$52.93	\$110,084
Life, Physical, and Social Science Occupations	25,900	\$44.02	\$91,551
Community and Social Service Occupations	24,110	\$29.32	\$60,978
Legal Occupations	12,290	\$65.93	\$137,145
Educational Instruction and Library Occupations	80,050	\$35.19	\$73,193
Arts, Design, Entertainment, Sports, and Media Occupations	17,360	\$32.90	\$68,438
Healthcare Practitioners and Technical Occupations	78,970	\$58.35	\$121,366
Healthcare Support Occupations	69,680	\$18.82	\$39,146
Protective Service Occupations	33,970	\$32.21	\$66,980
Food Preparation and Serving Related Occupations	118,300	\$17.84	\$37,109
Building and Grounds Cleaning and Maintenance Occupations	42,880	\$19.34	\$40,212
Personal Care and Service Occupations	29,600	\$19.56	\$40,691
Sales and Related Occupations	126,320	\$25.36	\$52,759
Office and Administrative Support Occupations	162,010	\$23.89	\$49,692
Farming, Fishing, and Forestry Occupations	3,040	\$19.24	\$40,035
Construction and Extraction Occupations	61,890	\$31.86	\$66,275
Installation, Maintenance, and Repair Occupations	45,160	\$28.97	\$60,270
Production Occupations	67,020	\$22.72	\$47,253
Transportation and Material Moving Occupations	89,080	\$20.97	\$43,619

Source: CA EDD

The data presented in the previous table depicts the wages in the county and is representative of wages earned in the PMA. The chart shows average hourly and annual wages by employment classification. The classification with the lowest average hourly wage was food preparation and serving-related occupations at \$17.84 per hour. The highest average hourly wage of \$65.93 was legal occupations.

Commuting Patterns

The chart below shows the travel time to work for the PMA according to ESRI data.

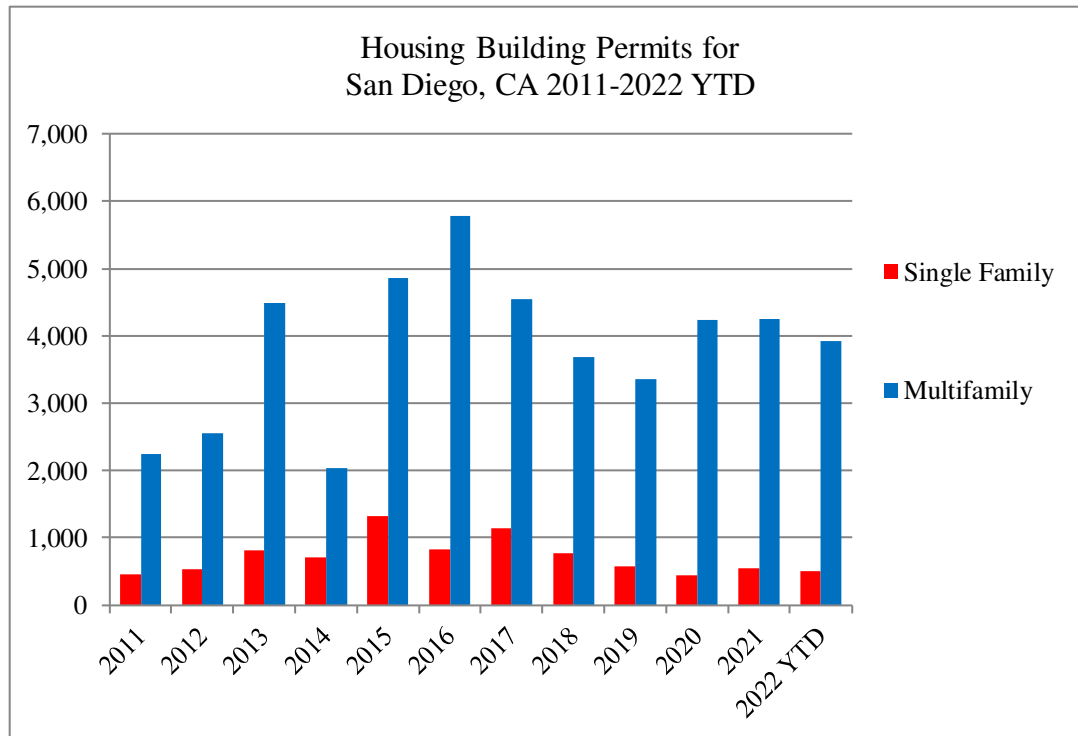


Source: ESRI Demographics

Approximately 82 percent of persons in the PMA have a commute time of less than 35 minutes indicating a majority of the persons in the PMA commute to work in nearby areas.

Building Permits

The following table demonstrates building permit information from 2011 through 2022 year-to-date in San Diego provided by the State of the Cities Data System.



Source: Office of Policy Development and Research HUD

Construction activity in San Diego has mainly consisted of multifamily properties over the past decade.

Conclusion

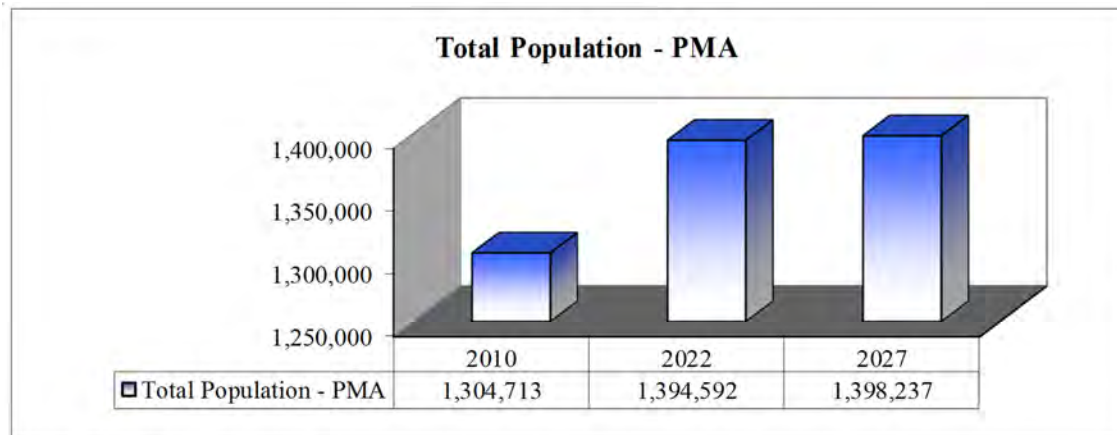
The city of San Diego and San Diego County have many employment options for area residents, many of which are located within the PMA. Numerous businesses offering a range of positions and skill levels exist throughout the PMA. Many employment opportunities exist within a short distance of the Subject. The wage rates within the area demonstrate a significant pool of potential tenants exist for affordable housing developments.

POPULATION, HOUSEHOLD & INCOME TRENDS

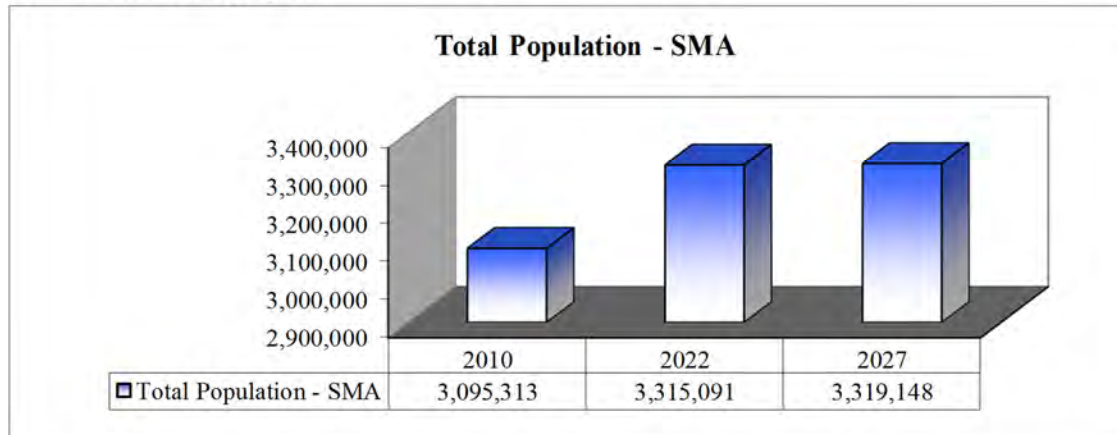
In this section, we compare population, household and income trends in the PMA with the secondary market area (SMA). All information is provided to us by ESRI Demographics, which is a national proprietary data provider. Some tables reflect rounding from the data provided, however, it is nominal.

Total Population

The charts below illustrate total population in the PMA and SMA from 2010 through 2027.



Source: ESRI Demographics



Source: ESRI Demographics

The population within the PMA has continuously grown from 2010 to 2022 and is expected to continue to increase through 2027. Similar to the PMA, the SMA is also considered an area of growth, which is a positive indicator for the need of additional affordable housing units.

Population by Age Group

The tables below illustrate population by age group in the PMA and SMA from 2010 through 2027.

Population by Age Group			
PMA			
Age Cohort	2010	2022	2027
0 - 4	80,692	75,916	76,864
5 - 9	74,952	75,858	72,670
10 - 14	75,269	76,243	72,713
15 - 19	90,689	89,760	86,892
20 - 24	126,738	122,752	120,305
25 - 34	229,455	249,383	238,886
35 - 44	183,360	194,345	207,884
45 - 54	172,002	158,838	158,336
55 - 64	131,801	152,155	142,759
65 - 74	72,058	113,003	119,718
75 - 84	46,686	59,828	72,650
85+	21,011	26,511	28,561
Total	1,304,713	1,394,592	1,398,237
Population by Age Group			
SMA			
Age Cohort	2010	2022	2027
0 - 4	203,423	194,040	196,270
5 - 9	194,029	197,082	189,922
10 - 14	198,716	199,918	191,936
15 - 19	225,095	209,320	202,259
20 - 24	270,750	253,021	240,515
25 - 34	470,922	536,534	510,294
35 - 44	420,563	443,160	485,469
45 - 54	430,774	384,126	377,113
55 - 64	329,616	388,627	357,562
65 - 74	180,554	291,678	312,358
75 - 84	116,911	150,580	184,221
85+	53,960	67,005	71,229
Total	3,095,313	3,315,091	3,319,148

Source: ESRI Demographics

Within the PMA and SMA, population was greatest in the 25 to 54-year age groups during 2022.

Number of Elderly and Non-elderly

The table below is an illustration of the elderly and non-elderly population.

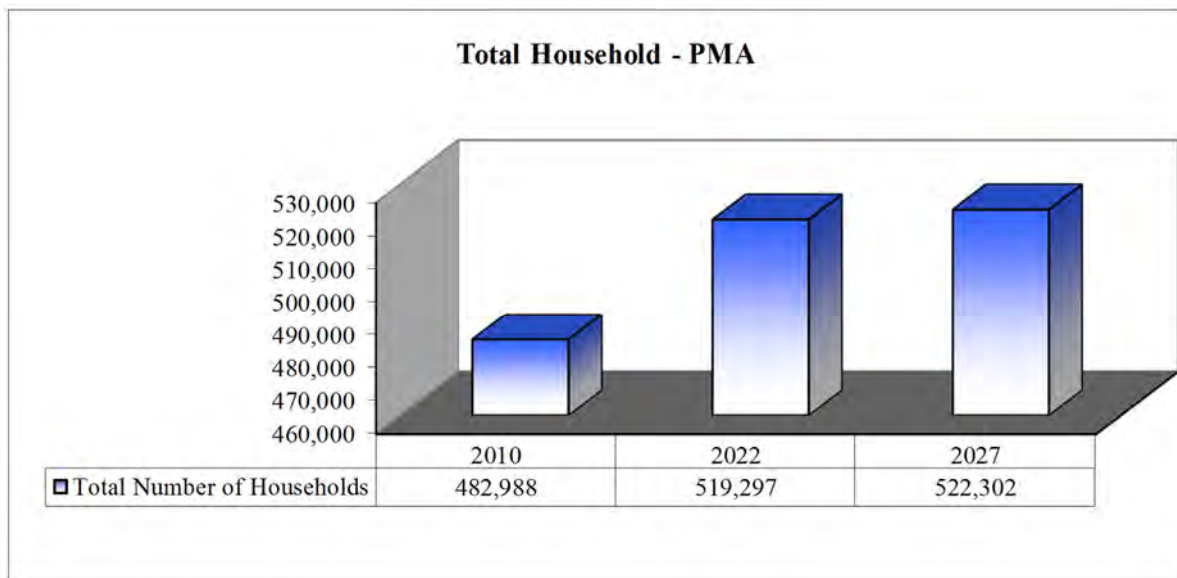
Number of Elderly and Non-Elderly						
Year	PMA			SMA		
	Total Population	Non-Elderly	Elderly (62+)	Total Population	Non-Elderly	Elderly (62+)
2010	1,304,713	1,125,418	179,295	3,095,313	2,645,003	450,310
2022	1,394,592	1,149,604	244,989	3,315,091	2,689,240	625,851
2027	1,398,237	1,134,480	263,757	3,319,148	2,644,071	675,077

Source: ESRI Demographics

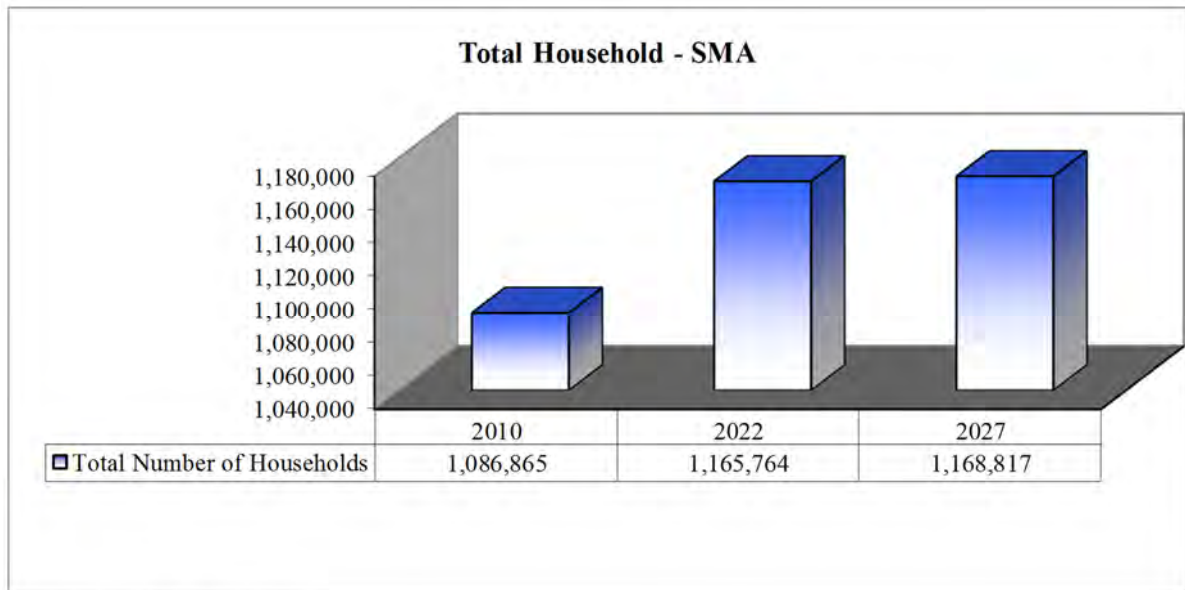
As illustrated in the table above, within the PMA, population is greatest in the non-elderly population, those aged 61 or under. In the PMA the elderly population comprises approximately 17.6 percent of the total population in 2022 versus 18.9 percent in the SMA.

Total Number of Households

The charts below illustrate the total number of households in the PMA and SMA.



Source: ESRI Demographics



Source: ESRI Demographics

Similar to the growth in population in both the PMA and SMA, the number of households is expected to increase between 2022 and 2027, indicating the PMA and SMA are areas of growth. As the population and the number of households increase, there will be a larger number of lower-income needing affordable housing choices.

Total Household by Tenure

The table below illustrates total households by tenure for the total population in the PMA and SMA.

Tenure Patterns - Total Population								
Year	PMA				SMA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2010	233,128	48.3%	249,857	51.7%	591,025	54.4%	495,840	45.6%
2022	249,656	48.1%	269,642	51.9%	642,061	55.1%	523,703	44.9%
2027	249,692	47.8%	272,610	52.2%	643,365	55.0%	525,452	45.0%

Source: ESRI Demographics

As indicated, the percentage of renter-occupied housing units within the PMA during 2022 is 51.9 percent. This percentage is projected to increase slightly through 2027. Comparatively, the percentage of renter-occupied households within the SMA during 2022 was lower, at 44.9 percent.

Average Household Size

The table below illustrates average household size.

Average Household Size				
Year	PMA		SMA	
	Number	Annual Change	Number	Annual Change
2010	2.70	-	2.85	-
2022	2.69	-0.05%	2.84	-0.01%
2027	2.68	-0.06%	2.84	-0.03%

Source: ESRI Demographics

Average household size in the PMA during 2022 is 2.69 persons. This is projected to decrease slightly through 2027. Comparison to the SMA average household size of 2.84 indicates a larger average household size in the SMA than the PMA.

Renter Households by Number of Persons in the Household

The following tables show household size by renter tenure.

Renter Households by Number of Persons - PMA						
	2010		2022		2027	
	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	69,961	28.0%	75,499	28.0%	76,331	28.0%
With 2 Persons	78,956	31.6%	85,207	31.6%	86,145	31.6%
With 3 Persons	38,978	15.6%	42,064	15.6%	42,527	15.6%
With 4 Persons	32,482	13.0%	35,053	13.0%	35,439	13.0%
With 5 Persons	15,991	6.4%	17,257	6.4%	17,447	6.4%
With 6 Persons	6,996	2.8%	7,550	2.8%	7,633	2.8%
With 7+ Persons	6,496	2.6%	7,011	2.6%	7,088	2.6%
Total Renter Households	249,860	100%	269,641	100%	272,610	100%
Renter Households by Number of Persons -SMA						
	2010		2022		2027	
	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	119,002	24.0%	125,689	24.0%	126,108	24.0%
With 2 Persons	154,702	31.2%	163,395	31.2%	163,941	31.2%
With 3 Persons	81,814	16.5%	86,411	16.5%	86,700	16.5%
With 4 Persons	71,897	14.5%	75,937	14.5%	76,191	14.5%
With 5 Persons	36,692	7.4%	38,754	7.4%	38,883	7.4%
With 6 Persons	16,363	3.3%	17,282	3.3%	17,340	3.3%
With 7+ Persons	14,875	3.0%	15,711	3.0%	15,764	3.0%
Total Renter Households	495,344	100%	523,179	100%	524,927	100%

Source: ESRI Demographics

The largest category of renter households in the PMA has two persons.

Conclusion

The PMA is comprised of 51.9 percent renter households. Demand for multifamily rental units in the PMA is expected to come from normal turnover and the limited supply of affordable properties in the area. The number of households is expected to increase in the PMA from 2022 through 2027. Demand for rental units in the PMA is expected to come from natural population growth and renter turnover. As the total population and number of households continue to grow, the demand for housing units will continue to increase. The demographics presented provide support that there is a stable renter population within the PMA and would typically support current and future demand for the Subject.

HOMELESS POPULATION TRENDS

The Subject consist of 63 units set aside for the homeless persons. Because these units provide permanent supportive housing to a specific population, potential tenants will not only come from a specific portion of the city, but would likely relocate from anywhere within the San Diego Region to locate permanent supportive housing; therefore, the PMA for the Subject restricted to homeless persons consists of the city of San Diego. Due to the Covid 19 pandemic, and putting health and safety above all else, the Regional Taskforce on the Homeless (RTFH) and its board of directors decided not to conduct its annual Point-in-Time Count (PITC) of unsheltered San Diegans for 2021; therefore, there is no data for 2021. The region's CoC applied for and was granted an exception by the Department of Housing and Urban Development (HUD) for the year.

In this section, the population trends for the homeless have been presented. All of the information was obtained from the 2022 point-in-time count Annual Report results for San Diego County which is produced by the Regional Task Force on the Homeless San Diego County.

HOMELESS POPULATION TRENDS

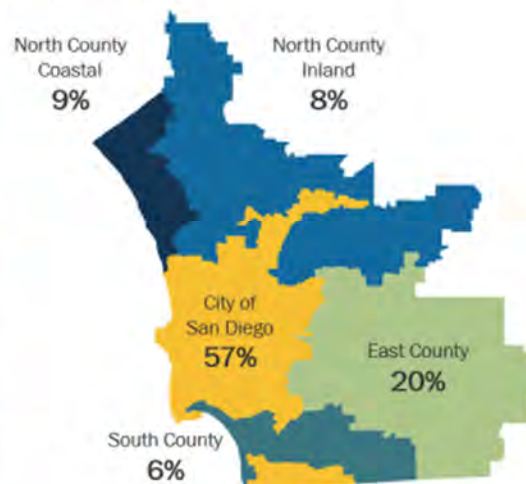
Total Homeless Population and Trends

According to the 2022 point-in-time count, San Diego County has 8,427 persons experiencing homelessness, while the city of San Diego has approximately 4,801 homeless persons on a given night; making up 57 percent of the total homeless population within San Diego County. The map and chart below illustrate this breakdown.

	2020 Total	2022 Total	2020 -2022 Overall Change
City	Total	Total	% of Total
San Diego Region	7638	8427	10%

Region Breakdown

	% of the Region	Total Homeless Persons
City of San Diego	57%	4801
North County Inland	8%	697
North County Coastal	9%	745
South County	6%	493
East County	20%	1691



Sheltered and Unsheltered

Approximately 4,106 persons, or 48.7 percent, are unsheltered in the county, while 2,494 persons, or 51.9 percent, are unsheltered within the city.

	2020 Unsheltered	2022 Unsheltered	2020-2022 Unsheltered Change
City	Count	Count	% of Total
San Diego Region	3971	4106	3%

	2020 Unsheltered	2022 Unsheltered	2020-2022 Unsheltered Change
City	Count	Count	% of Total
City of San Diego	2,283	2,494	9%

Homeless Population Profile

As shown in the graphic below, the largest unsheltered homeless cohorts in San Diego County are females and individuals age 55 and older, each accounting for 25 percent of the unsheltered homeless population.

2022 Homeless Profile	% of Unsheltered Persons	# of Unsheltered Persons	% Sheltered Persons	# Sheltered Persons
Chronically Homeless	15%	632	18%	782
Veteran	9%	378	7%	308
Female	25%	1028	43%	1851
Families	2%	90	43%	1840
Youth	8%	314	35%	1528
55+	25%	1027	24%	1037

Homeless Population Trends

In San Diego County, there has been a decrease in the number of beds for homeless-dedicated housing since the COVID-19 pandemic in 2020. The number of emergency shelter beds decreased from 4,887 in 2020 to 4,185 in 2022.

Housing Inventory	Beds	Utilization
Emergency Shelter	4185	73%
Safe Haven	59	61%
Transitional Housing	1652	76%
Permanent Supportive Housing	6449	75%
Rapid Re-Housing	2527	100%
Other Permanent Housing	2557	59%

Conclusion

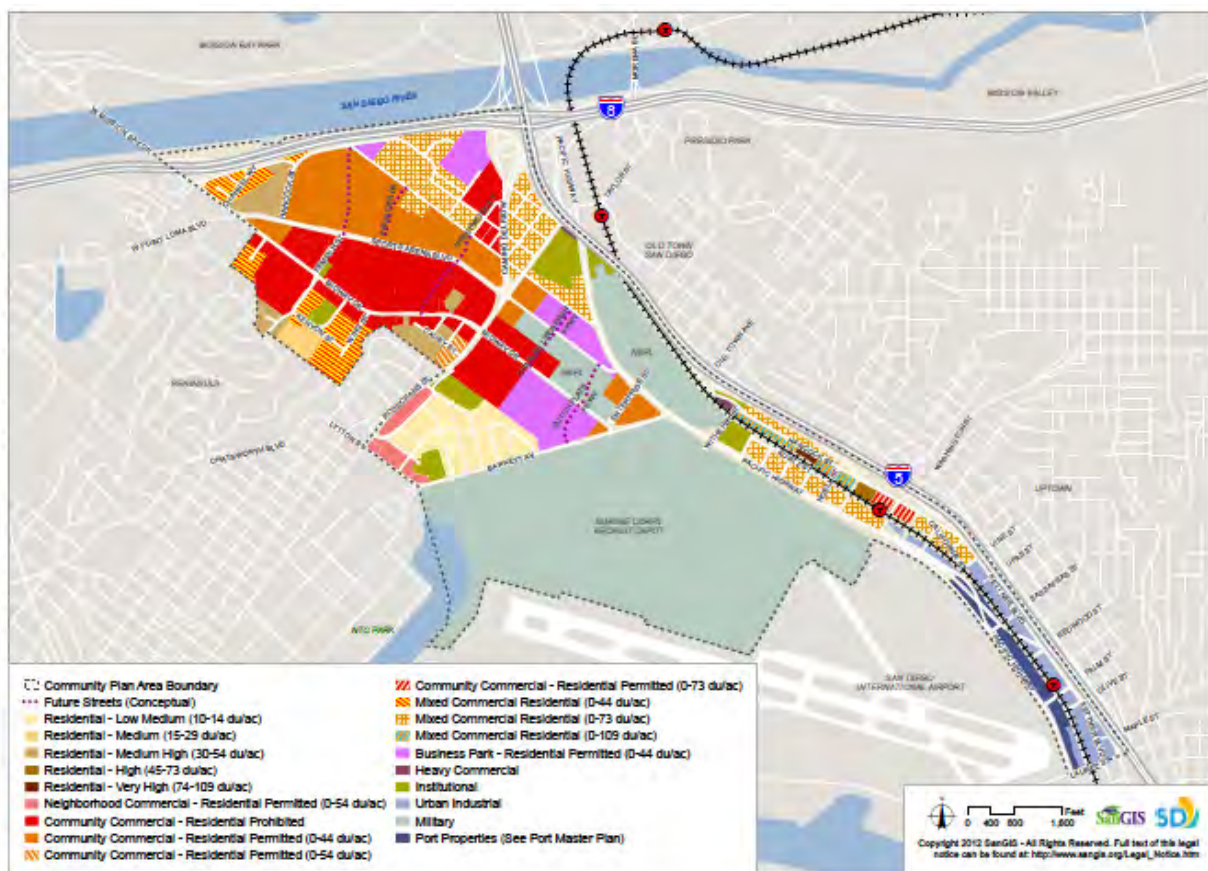
The county of San Diego has 8,427 persons experiencing homelessness, 48.7 percent, or 4,106 persons experience unsheltered homelessness. The city of San Diego represents 57 percent of San Diego County's homeless population, of which 51.9, or 2,494 persons, are unsheltered. These factors support current and future demand for the Subject, which will have all 63 units set aside for the homeless individuals.

NEIGHBORHOOD ANALYSIS

Neighborhood

The neighborhood surrounding an apartment property often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

The Subject is located within the Midway-Pacific Highway Community Plan Area, which is located within northwestern San Diego within a mixed-use neighborhood. Following is the community plan area map.



A major development within the community plan area includes the redevelopment of the city's 48-acre Sports Arena site. The site is located approximately one-half mile from the Subject fronting Sports Arena Boulevard. The City Council voted to select a development team Midway Rising to negotiate the redevelopment September 13, 2022 over a year's long selection process. Per published information in the San Diego Union-Tribune "the Midway Rising team includes market-rate housing developer Zephyr, sports-and-entertainment venue operator Legends and affordable-housing builder Chelsea Investment Corp. The team is proposing to develop the city's sports arena holdings with 2,000 units deed-restricted for low- and very-low-income families at an average

affordability of 48 percent of the area median income. The group's plan also calls for 250 middle-income units, 2,000 market-rate units, a new 16,000-seat arena, a 200-room hotel and 4,500 parking spaces. The project includes 20 acres of plaza and park space, including 4.2 acres of rooftop parks".

Access and Traffic Flow

Access to the site is from the southwest side of Midway Drive. Midway Drive is a four-lane road that traverses northwest/southeast and provides access to West Point Loma Boulevard and merges into Sports Arena Boulevard to the north and Barnett Avenue to the south. Sports Arena Boulevard is a four-lane road that traverses northwest from Midway Drive and provides access to Interstate 8. West Point Loma Boulevard is a four-lane road that traverses west from Midway Drive.

Visibility/Views

The site has excellent visibility from the southwest side of Midway Drive. Surrounding uses include Carz's used car lot to the west in average condition, to the north are two fast food restaurants and Wyndham Garden Seaworld hotel in average condition. To the east and south is Point Loma Plaza outdoor shopping mall in average condition, which is an approximate 205,000-square foot center. Anchor tenants include Vons Grocery, Marshalls, UFC Gym, Bank of America & Chase bank outlets, JoAnn fabrics, and inline retailers.

Location Map

The map below illustrates the Subject and surrounding neighborhood.



Crime Statistics

The following crime data is provided by Neighborhood Scout.

TOTAL CRIME INDEX

32

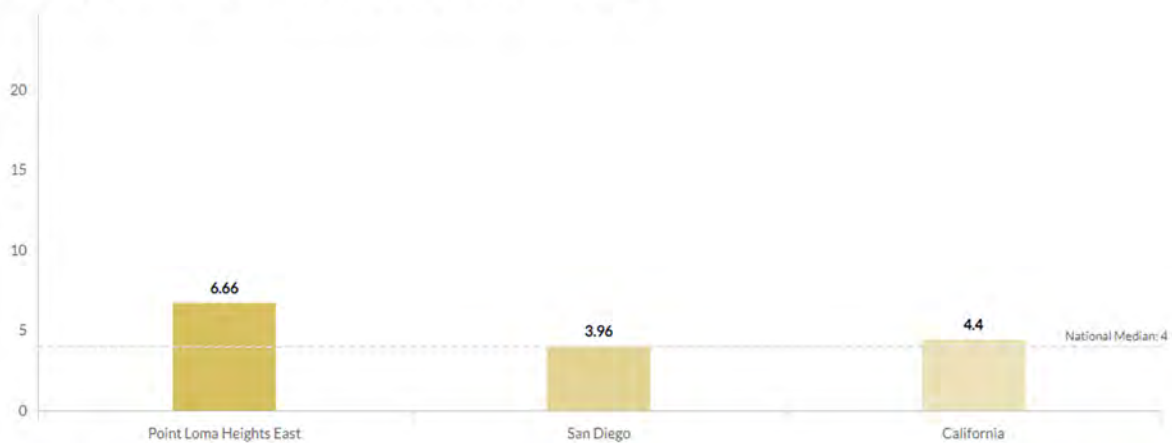
(100 is safest)

Safer than 32% of U.S. neighborhoods.

NEIGHBORHOOD ANNUAL CRIMES

	VIOLENT	PROPERTY	TOTAL
Number of Crimes	38	110	148
Crime Rate (per 1,000 residents)	6.66	19.28	25.95

VIOLENT CRIME COMPARISON (PER 1,000 RESIDENTS)



SAN DIEGO VIOLENT CRIMES

POPULATION: 1,381,611

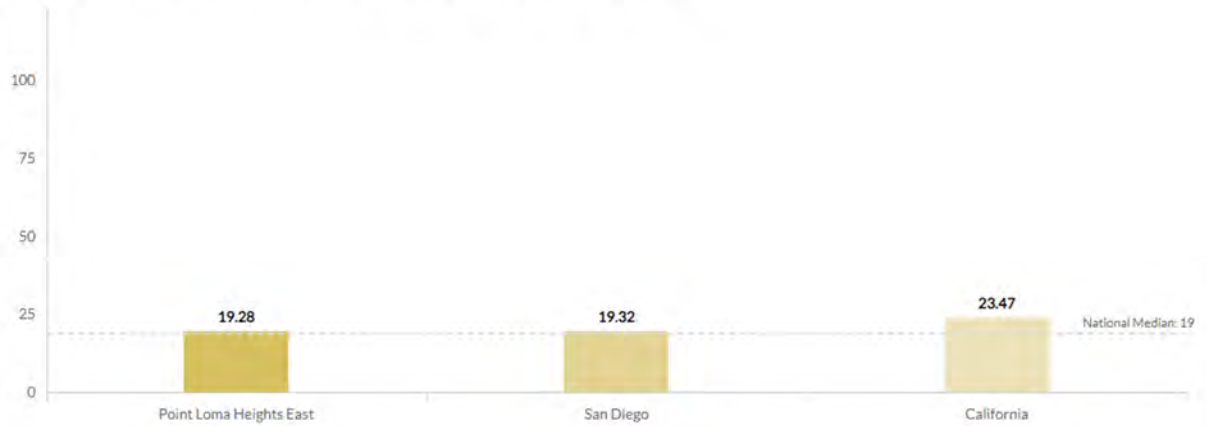
	MURDER	RAPE	ROBBERY	ASSAULT
Report Total	64	450	1,047	3,909
Rate per 1,000	0.05	0.33	0.76	2.83

UNITED STATES VIOLENT CRIMES

POPULATION: 331,888,310

	MURDER	RAPE	ROBBERY	ASSAULT
Report Total	22,941	144,285	202,155	943,774
Rate per 1,000	0.07	0.43	0.61	2.84

PROPERTY CRIME COMPARISON (PER 1,000 RESIDENTS)



SAN DIEGO PROPERTY CRIMES

POPULATION: 1,381,611

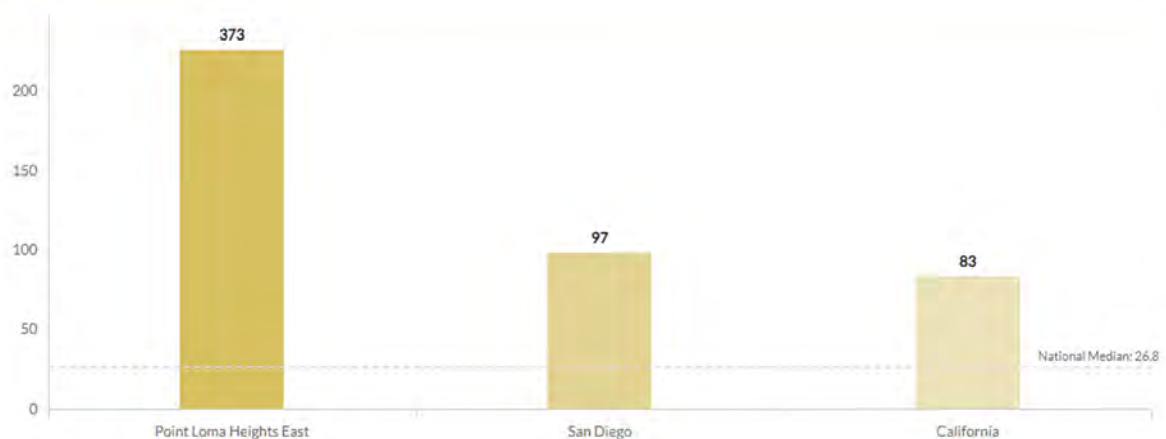
	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	3,320	16,865	6,514
Rate per 1,000	2.40	12.21	4.71

UNITED STATES PROPERTY CRIMES

POPULATION: 331,888,310

	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	899,656	4,626,970	890,179
Rate per 1,000	2.71	13.94	2.68

CRIMES PER SQUARE MILE



After inspection and observation of the Subject's neighborhood, we do not anticipate the overall

crime statistics will affect the marketability for the Subject.

Summary

The Subject is planned to provide affordable housing and supportive services to a homeless population via the Homekey subsidy program that represents good quality apartments that are in strong demand in the area. The site is located within a mixed-use neighborhood in San Diego. All major shopping, transportation, and recreational amenities are located within a short distance of the Subject. Access to groceries, pharmacy and shopping is convenient, and within reasonable walking distance.

PROJECT DESCRIPTION

Our description of the Subject is based upon information provided by the developer and the property inspection. We assume the information supplied is accurate.

Site Description

Site Location:	Ramada Inn (Subject) is located at 3737 Midway Drive, San Diego, San Diego County, CA. The Subject is assigned Assessor parcel number (APN) 441-250-22-00. The site is located in Census Tract 68.02.
Frontage:	The Subject site has frontage along the south side of Midway Drive.
Size/Shape:	The site contains 0.83 acres or 36,155 square feet and is rectangular in shape.
Topography:	The site topography is level at curb grade.
Vegetation:	The site has landscaped vegetation with some trees, and landscaped areas.
Proximity to Adverse Conditions:	At this time, we are unaware of any detrimental influences that would impact on the value of the Subject.
Drainage:	Appears adequate, however no specific tests were performed.
Soil and Subsoil Conditions:	We were not provided with soil surveys.
Environmental:	No environmental hazards were observed during the site inspection. However, we are not experts within this field.
Zoning:	<p>The Subject is zoned CC-1-3 Commercial Community Zone. This zone is intended to accommodate commercial uses and also permits multifamily developments with a maximum density of one dwelling unit per 1,500 square feet of lot area.</p> <p>Correspondence to the city from the Subject developer provided for zoning confirmation summarized follows: “The site is within a Transit Priority Area and the proposed density should be allowed because the project is composed</p>

of 100% affordable units and would qualify for no maximum controls on density, per San Diego Municipal Code Section 143.0740(e). “50675.1.1(g): Any project that uses funds received from the Coronavirus Relief Fund for any of the purposes specified in subdivision (a) shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.” CA Health and Safety Code Section 50675.1.1(a)(4) provides as follows: “Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.” Project Homekey funds are Coronavirus Relief Funds and the proposed project (i.e., conversion of the motel at 3737 Midway Drive to a residential facility) is a project “specified in subdivision (a)” of Section 50675.1.1. Therefore, the conversion and use of the motel at 3737 Midway Drive as a residential facility is a “permitted use.”

The Subject as proposed represents a legal conforming use. The Subject as is operation as a motel also represents a legal conforming use.

Flood Plain:

According to FEMA FIRM map number 06073C1614H, dated December 20, 2019, indicates the Subject is located in Zone X. X Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100 and 500-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than one square mile

Photographs:

Subject photos are included in the Addenda.

Location Map:

The map below illustrates the location of the Subject.



IMPROVEMENT CHARACTERISTICS

The Subject consists of a two-story 64 room motel inclusive of one employee unit, totaling 63 rentable motel rooms presently. The building also includes lobby area, laundry area, guest laundry area, and management offices. The site is improved with 51 parking spaces. The building is U-shaped wood frame construction with stucco siding on concrete slab foundation, constructed in 1959 and renovated in 2011. The property is located at 3737 Midway Drive, in San Diego, CA. The Subject has been assigned Assessor parcel number 441-250-22-00.

The Subject is intended to convert to 63 permanent supportive housing multifamily units prior to completion of the five-year Homekey interim housing program. The property is proposed to receive project based Section 8 vouchers. The units will be furnished. The special needs population targeting consists of 25% chronic homeless, 25% Transition Aged Youth Homeless, and 50% literally homeless. San Diego Housing Commission will provide project based Section 8 vouchers for 63 units. In order for them to receive Section 8 vouchers kitchenettes will need to be added. One unit will be an employee unit.

Unit Mix:

The Subject is intended to convert to 63 permanent supportive housing multifamily units prior to completion of the five-year Homekey interim housing program. The property is proposed to receive project based Section 8 vouchers. In order for them to receive Section 8 vouchers kitchenettes would need to be added. The client provided contractor estimate for installation of kitchenettes and related construction costs totals of \$1,169,072, or \$18,266 per unit shown below.

Kitchenettes at Ground Floor and Second Floor

Kitchenette renovations and upgrades including new ceilings, MEP, floor	6,200 sf	\$125.00	\$775,000.00
finishes, wall framing, gypsum board, doors, thresholds, paint, etc.			
Appliances - refrigerator, electrical range/oven, hood	62 ea	\$2,500.00	\$155,000.00
Cabinets, upper & lower	496 lf	\$325.00	\$161,200.00
Countertops	496 lf	\$157.00	\$77,872.00

A construction cost estimate based upon Marshall & Swift Valuation Section 52 Page 6 ranges from \$2,390 to \$5,900 per unit cost, which compares with the client's equipment estimate that equates to \$6,157 per unit. For analysis purposes, we estimate \$6,150 per unit for the kitchenettes equipment totaling \$393,600. Reliance is placed upon the contractor's estimate for additional costs related to upgrading renovations of \$775,000. Total costs for kitchenettes equipment and estimated renovations costs associated with the kitchenettes is \$1,168,600, rounded to \$1,170,000. This cost will be deducted from the value indications in the income and sales comparison approaches as proposed.

The proposed unit mix and rents are illustrated following.

Unit Mix, Size, Rents							
Unit Type	Number	Unit Size	Net Rents	Utility Allowance	Gross Rents	2022 Max Allowable LIHTC Rents	Project Based Voucher Rents
30% AMI/PSH Units							
0BR/1BA	62	295-535	\$683	\$0	\$683	\$683	\$1,718
Manager Unit							
0BR/1BA	1	535	\$0	-	-	-	
Total	63						

Date of Construction:

The Subject was constructed in constructed in 1959 and extensively renovated in 2011. Renovations are planned to be completed by September 1, 2024.

Parking:

The Subject provides 51 surface parking spaces.

Utility Structure:

The owner/landlord is responsible for all utilities including electricity, gas hot water heating, as well as the cold water, sewer, and trash expenses.

Amenities Table:

The Subject's amenities are detailed in the following table.

Unit Amenities:		Property Amenities:	
Central Heat/Cool	Wall	Community Room	<input type="checkbox"/>
Blinds	✓	Swimming Pool	<input type="checkbox"/>
Carpet	<input type="checkbox"/>	Spa/Jacuzzi	<input type="checkbox"/>
Ceiling Fan	<input type="checkbox"/>	Exercise Room	<input type="checkbox"/>
Skylight	<input type="checkbox"/>	Courtyard/Picnic Area	<input type="checkbox"/>
Storage Closet	<input type="checkbox"/>	Playground	<input type="checkbox"/>
Coat Closet	✓	Tennis Court	<input type="checkbox"/>
Walk-In Closet	<input type="checkbox"/>	Basketball Court	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	Volleyball Court	<input type="checkbox"/>
Patio/Balcony	<input type="checkbox"/>	On-Site Manager	✓
Appliances:		Laundry Room	✓
Refrigerator	✓	Computer Room	<input type="checkbox"/>
Stove/Oven	✓	Business Center	<input type="checkbox"/>
Dishwasher	<input type="checkbox"/>	Car Wash Area	<input type="checkbox"/>
Garbage Disposal	<input type="checkbox"/>	Elevator ("Y"es or "N"o)	N
Microwave	✓	Additional Services	<input type="checkbox"/>
Washer/Dryer	<input type="checkbox"/>		
Washer/Dryer Hook-up	<input type="checkbox"/>		
Parking:		Security :	
Surface Parking	✓	Gated/Controlled Access/Intercom	<input type="checkbox"/>
Carport	<input type="checkbox"/>	Courtesy Patrol	<input type="checkbox"/>
Underground	<input type="checkbox"/>	Surveillance Cameras	<input type="checkbox"/>
Detached Garage	<input type="checkbox"/>		
Attached Garage	<input type="checkbox"/>		
Tuck-under Garage	<input type="checkbox"/>		
Parking Garage	<input type="checkbox"/>		

**Deferred Maintenance,
Functional Obsolescence:**

No significant items of deferred maintenance were noted during site inspection, and the motel rooms provide a functional use. The Subject in its present condition appears average condition with no significant elements of functional obsolescence apartment. As proposed upon construction completion will be in good condition with functional design.

Economic Life:

The Subject's physical life and economic life of the improvements as is, is estimated at 30 years. Upon renovation completion is estimated to be 20 years.

Conclusion:

The Subject is an existing 63 rentable room motel and planned conversion of a motel property into 63 multifamily units with supportive housing for homeless and at risk of homeless individuals pursuant to the Homekey program. The condition of the Subject will be good upon construction completion.

Assessment Value and Taxes

Under California State Law, real property is re-appraised only when a change in ownership occurs, or upon completion of new construction. Except for these two instances, property assessments cannot be increased by more than two percent annually, based on the California Consumer Price Index.

A limited value is also assigned to each individual property and is taxed using a primary tax rate. According to the San Diego County Assessor's Office, the Subject has been assigned the following Appraisal Parcel Number: 441-250-22-00. The current limited tax rate for the Subject's full cash appraised value is 1.21636 per \$100 of assessed value. The 2022/2023 tax bill for the Subject was \$83,034.08 per San Diego County Tax Collector data. The as is tax analysis assumes hypothetical assessment using the current tax rate. The Subject as proposed will be tax exempt due to nonprofit ownership vesting; taxes used reflect exemption in the as proposed analysis with the property only subject to special assessments in the tax rate.

HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE AS VACANT

Physically Possible

The Subject site consists of approximately 0.83 acres or 36,155 square feet. The site is rectangular in shape parcel with level topography. Accessibility and visibility are considered good. The site is considered adequate for a variety of physically possible uses.

Legally Permissible

The Subject is zoned CC-1-3 Commercial Community Zone, which is a Commercial designation that permits hotel and multifamily use. The current use is a legal and conforming use. Per zoning utilizing Homekey entitlements, all zoning designations may be disregarded. The Subject as proposed therefore represents a legal conforming use.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any use of the Subject site that provides a financial return to the land in excess of the cost of the land is those uses that are financially feasible.

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site can be used for apartment uses and commercial uses. Given the Subject's surrounding land uses, the site's physical attributes, development patterns in the area, and demand, Homekey apartment residential is considered the most likely use.

Maximally Productive

With the financial subsidy, the value of the project supports feasibility. Based upon our analysis, new construction of apartment housing is financially feasible with subsidy. Therefore, the maximally productive use of this site as if vacant would be to construct a residential apartment property using tax credit equity, favorable financing, or other gap subsidies. The market area has demonstrated activity of acquisition of motel properties with conversion to multifamily operation via the Homekey program, and demonstrates the maximally productive use of the property.

Conclusion Highest and Best Use "As Vacant"

The highest and best use for the property "as vacant" would be to construct a multifamily or residential complex with financial subsidies consistent with current zoning ordinances.

Highest and Best Use "As Improved"

Homekey appraisal requirements, indicate we have to provide an existing use value regardless of the appraisers concluded highest and best use; therefore the value of the property as a hotel is presented.

The Subject is a motel that is planned conversion to multifamily housing of 63 studio units to provide housing and extensive supportive services to homeless and at risk of homelessness population.

There is an active market of generally similar lodging property near generally similar economic life stage being acquired for conversion to multifamily use and operation within the Homekey program. The property is to transition to permanent supportive housing development. The Subject's highest and best use as improved is the proposed use via the Homekey program and transition to permanent supportive housing.

The property is proposed to receive project-based Section 8 vouchers from the San Diego Housing Commission, and while these voucher payment amounts are not market related, survey of comparable properties demonstrate market rents are generally supportive of voucher payment amounts. Data sheets of surveyed market rate studio apartment properties are included in the Addenda for further reference.

In order for them to receive Section 8 vouchers kitchenettes would need to be added. The client provided contractor estimate for installation of kitchenettes and related construction costs totals of \$1,169,072, or \$18,266 per unit shown below.

Kitchenettes at Ground Floor and Second Floor

Kitchenette renovations and upgrades including new ceilings, MEP, floor	6,200 sf	\$125.00	\$775,000.00
finishes, wall framing, gypsum board, doors, thresholds, paint, etc.			
Appliances - refrigerator, electrical range/oven, hood	62 ea	\$2,500.00	\$155,000.00
Cabinets, upper & lower	496 lf	\$325.00	\$161,200.00
Countertops	496 lf	\$157.00	\$77,872.00

A construction cost estimate based upon Marshall & Swift Valuation Section 52 Page 6 ranges from \$2,390 to \$5,900 per unit cost, which compares with the client's equipment estimate that equates to \$6,157 per unit. For analysis purposes, we estimate \$6,150 per unit for the kitchenettes equipment totaling \$393,600. Reliance is placed upon the contractor's estimate for additional costs related to upgrading renovations of \$775,000. Total costs for kitchenettes equipment and estimated renovations costs associated with the kitchenettes is \$1,168,600, rounded to \$1,170,000. This cost will be deducted from income and sales comparison approaches.

Construction completion is anticipated within a reasonable time period and no time discounting is necessary. There are no alternatives that would provide a greater return on and of capital invested. The Subject's highest and best use as improved is the proposed use via the Homekey program and transition to permanent supportive housing with section 8 vouchers.

Additional testing of highest and best use as continued motel use was also performed, and operation within the Homekey program and conversion to permanent supportive housing exceeds this value. Presentation of the income and sales comparison approach is provided for this use.

APPRAISAL METHODOLOGY

The valuation process begins with an estimate of the highest and best use of the Subject property considered as though vacant, and as improved. Once determined the property is then valued according to its highest and best use. Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

APPLICABILITY TO THE SUBJECT PROPERTY

The cost approach consists of a summation of land value (as though vacant) and the cost to replace the improvements, less appropriate deductions for depreciation. Replacement cost is the cost to construct improvements having equal utility. This valuation technique is not typically undertaken for properties of similar vintage since we do not anticipate the approach yields a reliable indication of value for the Subject property. This is primarily attributable to the age and condition of the improvements, and the attendant difficulty in accurately estimating accrued physical depreciation as well as the lack of recent multi-family land sales in the Subject's market area. Moreover, apartment and motel purchasers do not typically use cost principles in pricing properties of the Subject's age. However, an indication of hypothetical land value as is vacant is a component of this assignment. This valuation utilizes the sales comparison approach.

In the sales comparison approach, appraisers estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. The sales comparison approach is presented with a price per unit analysis for the permanent supportive housing use with hotels that were purchased for Homekey conversion. We also presented a sales comparison approach on hotels on a per room basis based on the existing use.

The income capitalization approach requires an estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. We have presented an income approach for both the existing motel use and the permanent supportive housing use.

LAND VALUATION

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

To arrive at an opinion of land value for the Subject site, we researched and analyzed sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the northwestern San Diego area was made. Following is a land sales map, summary of sales, analysis of sales, and individual land data sheets.

Multifamily Land Sales							
Data No.	Property Identification	Date of Sale	Sale Price	Property Size/Acres	Property Size/SF	Price per SF	Price per Unit
1	5615 Riley Street San Diego, CA 92110 436-571-02-00; -13-00; 14-00	Oct-21	\$3,725,000	0.50	21,780	\$171.03	\$62,083
2	East of Hotel Circle North & Hotel Circle Place San Diego, CA 92108 437-350-10	Sep-21	\$38,015,000	4.95	215,622	\$176.30	\$76,182
3	770 Washington Street San Diego, CA 92103 444-560-36-00	Sep-21	\$20,500,000	1.08	47,045	\$435.75	\$49,043

Land Sales Map



Land Sale 1			
Property Identification			
Address/Location	5615 Riley Street San Diego, CA 92110		
APN	436-571-02-00; -13-00; 14-00		
Property Characteristics		Sale Data	
Zoning	RM-3-7	Sale Price	\$3,725,000
Property Use	Multifamily	Cash Equivalent	\$3,725,000
Size (Acres)	0.50	Number of Units Planned	60
Size (SF)	21,780	Price per SF	\$171.03
Shape	Irregular	Sale Date	Oct-21
Topography	Level	Price per Unit	\$62,083
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	LREV Management Corporation and LREV of II, LLC
Other Improvements	SFH	Buyer	Affordable Development 5616
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	9 months
Visibility	Average	Comp ID	11008
Comments			
Sale information was confirmed with listing broker Nate Pepper (858-546-2645). The site was improved with three single-family homes at the time of sale. The improvements will be razed to allow for redevelopment. At the time of sale, the site was entitled for a 33-unit multifamily property; however, the buyer intended to take the site through the entitlement process again. Through a communities plan, the buyer believes they can now entitle the site for a 55 to 60 unit multifamily property, which they plan to develop.			

Land Sale 2			
Property Identification			
Address/Location	East of Hotel Circle North & Hotel Circle Place San Diego, CA 92108		
APN	437-350-10		
Property Characteristics		Sale Data	
Zoning	RMX-1	Sale Price	\$38,015,000
Property Use	Multifamily	Cash Equivalent	\$38,015,000
Size (Acres)	4.95	Number of Units Planned	499
Size (SF)	215,622	Price per SF	\$176.30
Shape	Irregular	Sale Date	Sep-21
Topography	Level	Price per Unit	\$76,182
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	Jacobs Vernon Project LLC
Other Improvements	None	Buyer	Broadstone MV Owner LLC
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	N/A
Visibility	Average	Comp ID	11604
Comments			
Sale information was confirmed with listing broker Timothy Winslow (858-546-5436). The site was purchased for the development of a 499-unit apartment.			

Land Sale 3			
Property Identification			
Address/Location	770 Washington Street San Diego, CA 92103		
APN	444-560-36-00		
Property Characteristics		Sale Data	
Zoning	CC-3-9	Sale Price	\$20,500,000
Property Use	Multifamily	Cash Equivalent	\$20,500,000
Size (Acres)	1.08	Number of Units Planned	418
Size (SF)	47,045	Price per SF	\$435.75
Shape	Irregular	Sale Date	Sep-21
Topography	Level	Price per Unit	\$49,043
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	Seva Property Holdings LLC
Other Improvements	Office Building	Buyer	SRMHillcrest LLC
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	N/A
Visibility	Average	Comp ID	11042
Comments			
Sale information was confirmed with listing broker Jason Kimmel (858-546-5414) who referred to CoStar for most of the information. At the time of sale, the site was improved with a 20,000 square foot office building. The improvements will be razed to allow for redevelopment. The site was purchased for the development of a 418-unit apartment complex. There were no permits/entitlements approved at time of sale.			

The table below summarizes the adjustments.

Land Sale Analysis							
Subject		Sale 1		Sale 2		Sale 3	
Address/Location	3737 Midway Drive	5615 Riley Street		East of Hotel Circle North & Hotel Circle Place		770 Washington Street	
	San Diego, CA 92110	San Diego, CA 92110		San Diego, CA 92108		San Diego, CA 92103	
Sale Price		\$3,725,000		\$38,015,000		\$20,500,000	
Price per Unit		\$62,083		\$76,182		\$49,043	
Comparison		Comparison	Adj.			Comparison	Adj.
Property Rights		Fee Simple		Fee Simple		Fee Simple	
Adjusted Price Per Unit			\$62,083				\$49,043
Terms		Yes		Yes		Yes	
Adjusted Price Per Unit			\$62,083				\$49,043
Sale Conditions		Market		Market		Market	
Adjusted Price Per Unit			\$62,083				\$49,043
Sale Date		Oct-21	10%	Sep-21		Sep-21	10%
Adjusted Price Per Unit			\$68,292				\$53,947
Expenditures After Purchase		Yes	1%	No		Yes	1%
Adjusted Price Per Unit			\$68,975				\$54,487
Physical Characteristics	Comparison	Comparison	Adj.	Comparison	Adj.	Comparison	Adj.
Zoning	CC-1-3	RM-3-7		RMX-1		CC-3-9	
Size (Acres)	0.83	0.50		4.95	4%	1.08	
Size (SF)	36,155	21,780		215,622		47,045	
Density	77	120	12%	101	7%	387	60%
Topography	Level	Level		Level		Level	
Street	Paved	Paved		Paved		Paved	
Off-site Improvements	To Site	To Site		To Site		To Site	
Utilities	To Site	To Site		To Site		To Site	
Location	Average	Similar		Superior	-15%	Inferior	15%
Total Physical Adjustment			12%		-4%		75%
Adjusted Price Per Unit			\$77,252		\$80,449		\$95,352
				Minimum Sale		\$77,252	
				Maximum Sale		\$95,352	
				Average Sale		\$84,351	

Explanation of Adjustments

Sale Date/Market Conditions

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated.

The land sales occurred between July 2021 and October 2021. Nationally, and regionally, land values peaked during the prior cycle near 2008, and stalled during the economic recession. During the time period between 2008 and 2012, there were softened market conditions, and declining market values. Appreciation in land values started being reported in late 2012 and continued rising through year-to-date.

Interviews with local broker's revealed prices increased on average between five and ten percent per year during this time frame; five percent will be utilized. Based on this methodology, Sales 1, 2, and 3 were adjusted upward 10 percent.

Expenditures Immediately After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs effect the price the buyer agrees to pay. Such expenditures may include costs to cure deferred maintenance, costs to demolish and remove a portion of the improvements, costs for additions or improvements to the property, costs to petition for a zoning change, and costs to remediate environmental contamination. These costs are often quantified in price negotiations.

The Subject is improved with a motel structure; however, the value for land assumes its vacant. Sale 2 is a vacant site; therefore, no adjustments were necessary. Sales 1 and 3 had improvements at the time of sale that required demolition in order to allow for redevelopment; therefore upward adjustments of one percent where applied.

Zoning/Density

All of the sales are zoned and approved for multifamily purposes; therefore, no adjustments are necessary. The land valuation is based on a price per allowable unit basis, and the density of allowable units is accounted for when multiplying the price paid per unit times the number of units allowable for the site. No further adjustments for development density were warranted.

A variety of state and city legislation has passed in recent years that allows for increased density and reduced development restrictions for affordable housing developments. The purpose of this legislation has been to spur the development of affordable housing and address the ongoing shortage of affordable housing units. As time goes on, the actions of buyers and sellers in the market will reflect the ability of developers to build larger scale affordable housing projects on smaller sites. This large increase in density can be expected to provide downward pressure on the per unit land price paid for a site.

Due to the Subject's location within a CC-1-3 Commercial Community Zone is able to be developed at a density 1,500 square feet of site area per dwelling unit, which correlates with a density of 29 units per acre. The sales have a density ranging from 101 to 387 units per acre. In order to calculate an adjustment for density, sales in the San Diego region which had densities ranging from 43 to 171 units per acre were paired against a sale with a density of 205 units per acre. The result was a percent per unit difference ranging from 0.3 to 1.3 percent attributable to the development density of a site. In order to remain conservative, we have utilized an adjustment at the low end of the range of 0.3 percent per unit. This was applied to the difference between the Subject's density (units per acre) and the density of each comparable sale.

The adjustments were rounded to the nearest 5 percent. Sales with larger densities than the Subject are adjusted upward to reflect the downward pressure on per unit land price. Based on this methodology, Sales 1 and 2 were adjusted upward 12 and seven percent, respectively. Sale 3 indicates a large adjustment based upon the calculation 93 percent, however, a 60 percent upward adjustment was applied to Sale 3 due to this limiting factor.

Size

The sites range in size from 0.50 to 4.95 acres. The Subject totals 0.83 acres. Typically, an inverse relationship exists between site size and a price per unit indication; therefore, larger sites are adjusted upward and smaller sites are typically adjusted downward. Sale 1 is slightly smaller size site and Sale 3 is slightly larger site, thus no adjustment is warranted to Sales 1 and 3. Sale 2 is a larger site and was adjusted four percent based upon adjustment amount of one percent per acre difference between the Sale and the Subject.

Topography

The topography of a site can create advantages or disadvantages in regards to improving the site. Typically, level topography sites have fewer issues and are least expensive to improve. The Subject is generally level, as are Sales 1, 2, and 3; therefore, no adjustments were necessary.

Location

The Subject and land sales are generally located within the northern portions of San Diego. In order to determine a location adjustment, the median gross rent of the Subject's zip code was compared with the median gross rent of the zip codes of each sale is located in. Consideration was also given to surrounding land uses and proximity to the Subject site. After analysis, it was determined that Sale 2 was adjusted downward 15 percent, and Sale 3 was adjusted upward 15 percent. The table below illustrates this analysis and the adjustments applied to Sales 2 and 3.

Location Adjustment				
Sale	Zip Code	Median Gross Rent	% Difference	Matrix Adjustment
Subject & Sale 1	92110	\$1,825	-	
Sale 2	92108	\$2,141	-15%	-15%
Sale 3	92103	\$1,605	14%	15%

Summary of Land Value

After adjustments, the Sales range in price per unit from \$77,252 to \$95,352 per unit, with an average of \$84,351 per unit. Sales 1 and 2 are given slightly greater weight because of most similar attributes. Secondary weight is placed upon Sale 3. A value indication of \$78,000 per unit is considered reasonable and market oriented. The value computes as follows.

Indication of Value		
# of Units	\$/Unit	Indication
63	\$78,000	\$4,910,000

INCOME CAPITALIZATION APPROACH – PERMANENT SUPPORTIVE HOUSING USE

INTRODUCTION

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property's market value is derived via the capitalization of these future income streams.

The Subject is a planned conversion of a motel to a 63-unit multifamily property. The Homekey program is a housing initiative announced July 16, 2020 to provide grants and subsidies for the acquisition, capital expenditures, and operation of properties for use to provide housing and operator services to a target population of homeless households and at risk of becoming homeless households who have been impacted by COVID-19. The program is administered by the California Department of Housing and Community Development. There is planned a San Diego Housing Commission subsidy regulatory agreement that consists of an initial five-year term to provide housing as a multifamily property and then permanent supportive housing. The conversion permanent supportive housing operation is planned to occur sooner than the five-year term and no time discounting is necessary.

This section illustrates the permanent supportive housing value.

Potential Revenue

The property's highest and best use is operation as permanent supportive housing consistent with planned project based Section 8 vouchers. Voucher revenue amounts provided by the client from reported voucher payment standards with the source of the vouchers provided being the San Diego Housing Commission which establishes the voucher payment standard amount. Voucher amounts are net rents, and not market derived. We have surveyed market rate comparable properties and prepared adjustment grid for studio units. Individual rent comparable summaries, adjustment matrix, and adjustment grid are included in the Addenda for further reference. Adjusted rents concluded equate to \$1,900 per unit.

Forecast income is illustrated following.

Achievable Restricted Rents Potential Income			
Unit Type	No. Units	Rents	Annual Revenue
Project Based Voucher Rents			
0BR/1BA	62	\$1,718	\$1,278,192
Manager Unit			
0BR/1BA	1	\$0	\$0
Total	63		\$1,278,192

Other Income

In addition to rental income produced from the apartment units, we must also consider any income that will be generated from amenities. Such income can vary significantly from property to property, depending upon the project class, amenities offered, and whether or not management has elected to separate amenity charges from the basic apartment rates. In this instance, there are no known amenity charges to the base rental rates. Therefore, other income may include such items as laundry and vending fees. Budgeted and forecast other income is based upon budgeted reported shuttle revenues of \$60,000 or \$952 per unit which is within the range of comparable property experience.

Other Income			
Property	Min	Max	Average
Subject - Proposed Budget	\$952	-	-
Affordable Expense Comp Range	\$128	\$1,172	\$632
Conclusion			
As Restricted	\$952		

Vacancy and Collection Loss

The Subject's vacancy is minimal due to homeless target population. As such, a vacancy and collection loss of three percent will be used. This will be deducted from potential gross income.

Subject's Operating Expenses Five-Year Interim Housing Term

The Subject does not have a 12 month operating history. The Subject's expenses are based upon budgeted expenses as permanent supportive multifamily housing and comparison with three affordable properties. Budgeted data as well as comparable expenses are illustrated following.

Project	Subject	
	Proposed Budget	
Number of Units	63	
	Per Unit	Amount
Total Rental Income	\$ 20,016	\$ 1,261,008
Vacancy	\$ (1,001)	\$ (63,050)
Other Income	\$ 952	\$ 60,000
Total Revenues	\$ 19,968	\$ 1,257,958
Operating Expenses	Per Unit	Total
Administration	\$ 566	\$ 35,638
Maintenance and Repairs	\$ 3,518	\$ 221,661
Security Guards Contract	\$ 3,794	\$ 239,000
Management Fee	\$ 691	\$ 43,543
Payroll	\$ 3,247	\$ 204,570
Utilities Total	\$ 1,198	\$ 75,492
Property & Liability Ins.	\$ 336	\$ 21,190
Real Estate and Other Taxes	\$ -	
Replacement Reserves	\$ -	
Total Operating Expenses	\$ 13,351	\$ 841,094

Expense Comparables

Project	Affordable Property 1		Affordable Property 2		Affordable Property 3	
	2021		2020		2021	
Number of Units	61		64		221	
	Per Unit	Amount	Per Unit	Amount	Per Unit	Amount
Total Rental Income	\$ 12,966	\$ 790,899	\$ 12,992	\$ 831,471	\$ 14,076	\$ 3,110,731
Vacancy	\$ (21)	\$ (1,301)	\$ -	\$ -	\$ -	\$ -
Other Income	\$ 128	\$ 7,833	\$ 596	\$ 38,144	\$ 1,172	\$ 259,022
Total Revenues	\$ 13,073	\$ 797,431	\$ 13,588	\$ 869,616	\$ 15,248	\$ 3,369,753
Operating Expenses	Per Unit	Total	Per Unit	Total	Per Unit	Total
Administration	\$ 970	\$ 59,194	\$ 682	\$ 43,667	\$ 810	\$ 179,098
Maintenance and Repairs	\$ 735	\$ 44,823	\$ 1,431	\$ 91,561	\$ 1,837	\$ 406,029
Management Fee	\$ 772	\$ 47,072	\$ 674	\$ 43,163	\$ 994	\$ 219,774
Payroll	\$ 1,714	\$ 104,559	\$ 2,156	\$ 137,965	\$ 1,731	\$ 382,469
Utilities Total	\$ 2,324	\$ 141,752	\$ 2,417	\$ 154,675	\$ 1,070	\$ 236,427
Property & Liability Ins.	\$ 358	\$ 21,826	\$ 367	\$ 23,513	\$ 331	\$ 73,130
Real Estate and Other Taxes	\$ 98	\$ 5,961	\$ 11	\$ 696	\$ 639	\$ 141,327
Replacement Reserves	\$ 330	\$ 20,137	\$ 273	\$ 17,503	\$ 355	\$ 78,532
Total Operating Expenses	\$ 7,300	\$ 445,323	\$ 8,012	\$ 512,743	\$ 7,768	\$ 1,716,788

Expenses Forecast

The following table illustrates the operating expense estimates for the permanent supportive housing scenario.

As Restricted Operating Expenses		
Operating Expenses	Per Unit	Total Annual
Administration	\$600	\$37,800
Maintenance and Repairs	\$1,300	\$81,900
Security Guards Contract	\$3,794	\$239,000
Management Fee	\$824	\$51,922
Payroll	\$2,000	\$126,000
Utilities	\$1,550	\$97,650
Property & Liability Insurance	\$330	\$20,790
Real Estate and Other Taxes	\$480	\$30,234
Replacement Reserves	\$300	\$18,900
Total Operating Expenses	\$11,178	\$704,196

Taxes illustrate that the Subject is tax exempt with the exception of special assessments. Budgeted Maintenance expense appears high, and weight has been placed on comparable experience. Security guard expense has been included due to Homekey program requirements associated with serving the homeless population. Budgeted Payroll expense appears high, and forecast payroll places weight upon the comparables. The Subject's utilities expense is forecast based upon comparison with budgeted data and comparable property data as the property is responsible for all utilities. Reserves of \$300 per unit are included.

DIRECT CAPITALIZATION

To quantify the income potential of the Subject, a direct capitalization of a forecast cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income. In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

CAPITALIZATION RATE SELECTION

Market Transactions

The capitalization rate to be applied to net income is based on sales of comparable apartment projects in stabilized occupancy condition. The overall rates extracted from the comparable sales are based on the reported or estimated scheduled rental income at the time of sale, expenses reported for the comparable properties, and/or the appraiser's judgment of the appropriate expenses for the comparable properties. Extensive research was performed in gathering the most recent data. The improved sales are all motel conversion properties to Homekey operation.

The table below summarizes recent comparable sales with income/expense information available and utilized in the improved sales comparison approach.

Tabulation of Improved Apartment Sales									
Data No.	Project/Location	Date of Sale	Sale Price	OAR	Effective Gross Income	EGIM	Expense Ratio	# of Units	Price per Unit
1	Sea Rock Inn 14032 South Vermont Avenue Los Angeles, CA 90247	Aug-22	\$10,500,000	4.18%	\$ 829,920	12.65	47.1%	53	\$198,113
2	1643 North Martel Avenue 1643 North Martel Avenue Los Angeles, CA 90046	Nov-20	\$4,475,000	4.82%	\$ 315,930	14.16	31.7%	11	\$406,818
3	Budget Inn & M Motel 10024 & 10038 Valley Boule El Monte, CA 91731	Dec-20	\$15,000,000	4.73%	\$ -	NA	NA	133	\$112,782
4	Motel 6 10646 Rosecrans 10646 Rosecrans Avenue Norwalk, CA 90650	Nov-20	\$5,740,000	4.78%	\$ -	NA	NA	56	\$102,500
5	Motel 6 7th Street 5665 East 7th Street Long Beach, CA 90804	Nov-20	\$5,615,100	5.20%	\$ -	NA	NA	43	\$130,584

The improved sales occurred between November 2020 and August 2022 and illustrate a range of overall rates from 4.18 to 5.20 percent, with an average of 4.74 percent. The Subject will be a conversion to multifamily units property with permanent supportive services represents a relatively low risk investment profile, and will be in superior condition to the Sales; therefore, a conclusion at 4.25 percent is considered reasonable and market oriented.

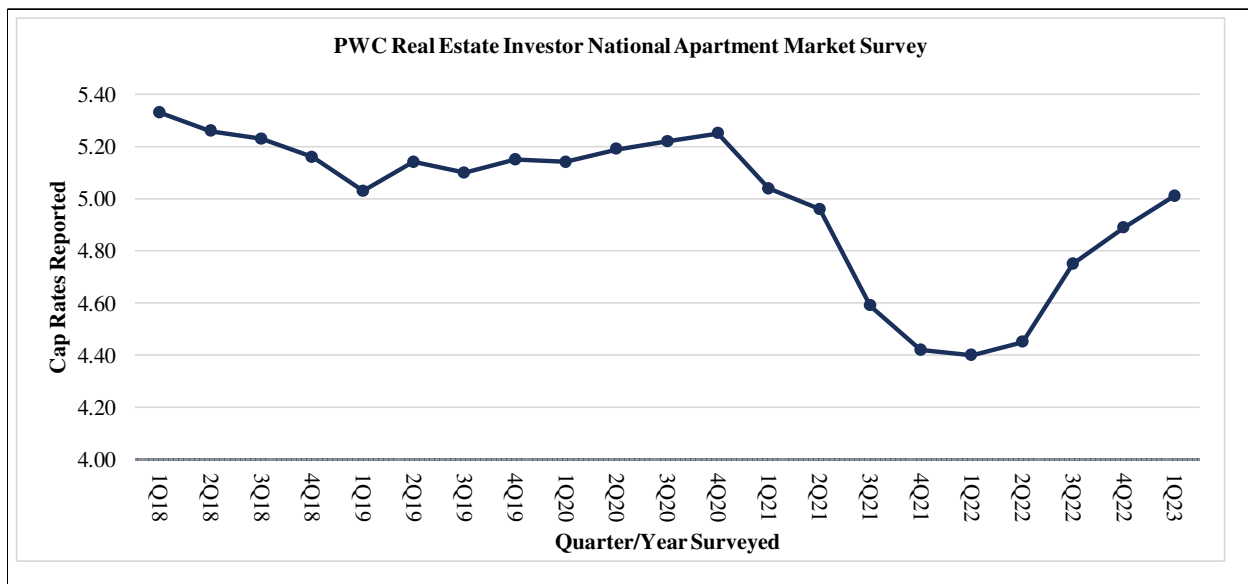
PWC Real Estate Investor Survey

The Price Waterhouse Coopers Real Estate Investor Survey tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

1st Qtr PWC 2023	
Range:	3.50%-8.00%
Average:	5.01%

The PWC Real Estate Investor Survey defines “Institutional Grade Real Estate” as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria² Typical “Institutional Grade” apartment properties are newly constructed, well amenitized, market rate properties in urban or suburban locations.

The following chart shows the slight downward trend in overall rates from the first quarter 2018 to the first quarter 2023.



Based on the PWC Survey, a capitalization rate of 5.01 percent is concluded.

²PWC Real Estate Investor Survey, 1st Quarter 2023

Summary

The following chart identifies the overall rates from the three methods of estimating overall rates.

- Market Extraction – 4.25%
- PWC Market Survey – 5.01%

With consideration of the current market trends, greatest emphasis has been placed upon the sales. Considering the overall market area, a market derived OAR of 4.25 percent will be used in the capitalization analysis. This rate is considered reasonable considering the recent Fed changes in interest rates, which is overall placing upward pressure on overall rates.

In order for them to receive Section 8 vouchers kitchenettes would need to be added. The client provided contractor estimate for installation of kitchenettes and related construction costs totals of \$1,169,072, or \$18,266 per unit shown below.

Kitchenettes at Ground Floor and Second Floor

Kitchenette renovations and upgrades including new ceilings, MEP, floor finishes, wall framing, gypsum board, doors, thresholds, paint, etc.	6,200	sf	\$125.00	\$775,000.00
Appliances - refrigerator, electrical range/oven, hood	62	ea	\$2,500.00	\$155,000.00
Cabinets, upper & lower	496	lf	\$325.00	\$161,200.00
Countertops	496	lf	\$157.00	\$77,872.00

A construction cost estimate based upon Marshall & Swift Valuation Section 52 Page 6 ranges from \$2,390 to \$5,900 per unit cost, which compares with the client's equipment estimate that equates to \$6,157 per unit. For analysis purposes, we estimate \$6,150 per unit for the kitchenettes equipment totaling \$393,600. Reliance is placed upon the contractor's estimate for additional costs related to upgrading renovations of \$775,000. Total costs for kitchenettes equipment and estimated renovations costs associated with the kitchenettes is \$1,168,600, rounded to \$1,170,000. This cost will be deducted from income and sales comparison approaches.

Construction completion is anticipated within a reasonable time period and no time discounting is necessary. There are no alternatives that would provide a greater return on and of capital invested. The Subject's highest and best use as improved is the proposed use via the Homekey program and transition to permanent supportive housing with section 8 vouchers.

A summary of the direct capitalization analysis follows.

	As Restricted		
Apartment Rentals	No. Units	Rents	Annual Revenue
Project Based Voucher Rents			
0BR/1BA	62	\$1,718	\$1,278,192
Manager Unit			
0BR/1BA	1	\$0	\$0
	<i>Number</i>	<i>Per unit</i>	<i>Amount</i>
Total Potential Rental Income	63		\$1,278,192
Other Income		\$952	\$60,000
Total Potential Revenues			\$1,338,192
Vacancy			-\$40,146
Vacancy Percentage			3.0%
Effective Gross Income			\$1,298,046
Operating Expenses			
Administration		\$600	\$37,800
Maintenance and Repairs		\$1,300	\$81,900
Security Guards Contract		\$3,794	\$239,000
Management Fee	4.0%	\$824	\$51,922
Payroll		\$2,000	\$126,000
Utilities		\$1,550	\$97,650
Property & Liability Insurance		\$330	\$20,790
Real Estate and Other Taxes		\$480	\$30,234
Replacement Reserves		\$300	\$18,900
Total Operating Expenses		\$11,178	\$704,196
Expenses as a ratio of EGI			54.3%
Net Operating Income			\$593,850
Capitalization Rate			4.25%
Indicated Value			\$13,972,950
Less Renovation Costs Kitchenettes			-\$1,170,000
Indicated Value			\$12,802,950
Rounded			\$12,800,000

INCOME CAPITALIZATION APPROACH – EXISTING USE

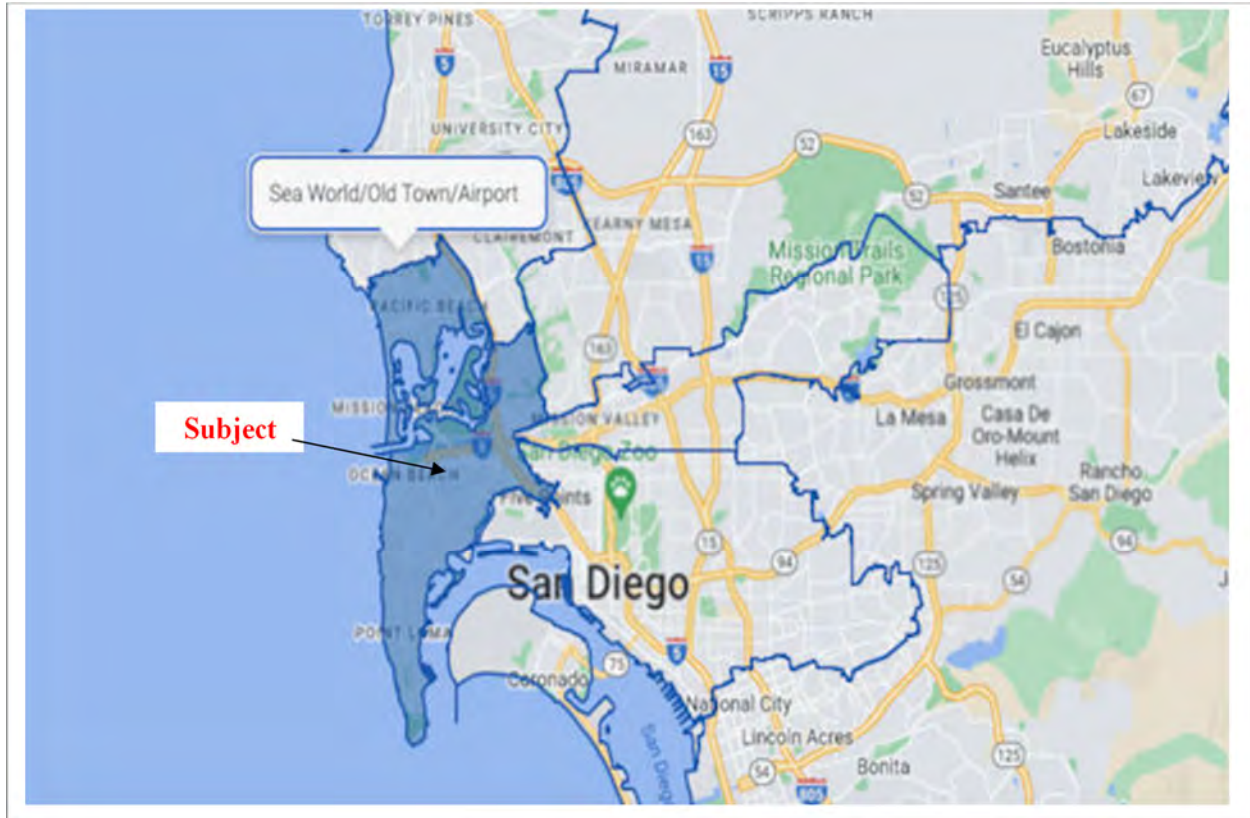
INTRODUCTION

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property's market value is derived via the capitalization of these future income streams.

The Subject operates as a 63 rentable-room motel within the Ramada Inn flag. The Ramada Inn franchise is owned by Wyndham Hotels and Resorts. It bills itself as an iconic brand that has been serving business and leisure travelers around the world since 1954. Today, Ramada is showcasing the uniqueness of each hotel through new, regionally-inspired designs and décor, local flavors, and contemporized staff uniforms.

Market analysis data will be focusing upon ADR and occupancy data. “The average daily rate (ADR) is a metric widely used in the hospitality industry to indicate the average revenue earned for an occupied room on a given day. ADR is a direct factor in revenue per available room (RevPAR), the hotel industry gold standard for measuring top-line performance in a hotel, portfolio, market segment or geographic area. The rooms department is typically the largest generator of revenue and profit for hotels. An effective approach to ADR is a key piece of the hotel revenue-management cycle with the goal of maximizing profitability. ADR is calculated by dividing room revenue by rooms sold”. *Source: Smith Travel Research.*

The Subject is identified within the midscale/economy operations class of hospitality/lodging properties. It is located within the Sea World/Old Town/Airport submarket per Costar data as shown in the following map.



The following market data source is obtained from 2023 Costar in the Hospitality Submarket Report.

“The Sea World/Old Town/Airport submarket contains around 7,800 hotel rooms, and houses 70 of the San Diego market's 515 hotel properties. Like the market, Sea World/Old Town/Airport is characterized by larger hotels. This aspect isn't quite as pronounced in the Sea World/Old Town/Airport submarket, where hotels have 112 rooms per building on average, versus the 127 room-per-building average in the San Diego market. The national norm registers at around 90 rooms per building.

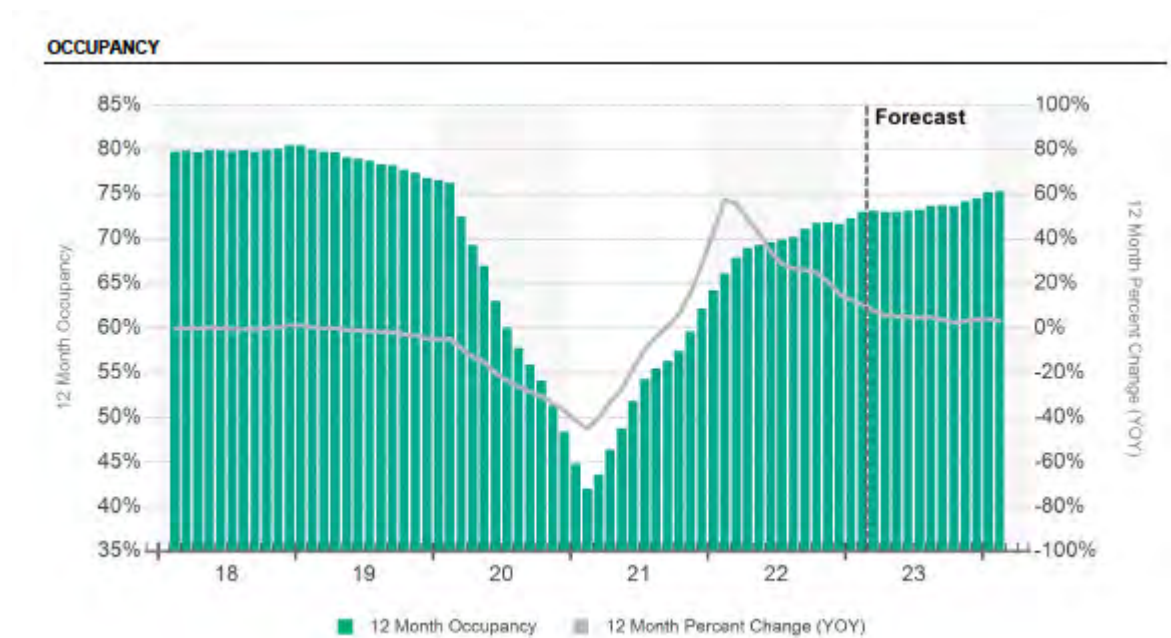
Trailing 12-month occupancy is 73.0%, a level slightly below the market average of 73.9% for the same period. While the initial impact of COVID-19 affected Sea World/Old Town/Airport just as much as any hospitality submarket, as monthly occupancy fell to 22.9% and annualized occupancy dropped to 42.0% in the initial wake of the pandemic, its subsequent recovery has been a step behind its peers in the San Diego market.

Twelve-month RevPAR in the Sea World/Old Town/Airport hotel submarket was up sharply as of February, climbing at a 26.4% year-over-year rate. In the San Diego market, RevPAR increased

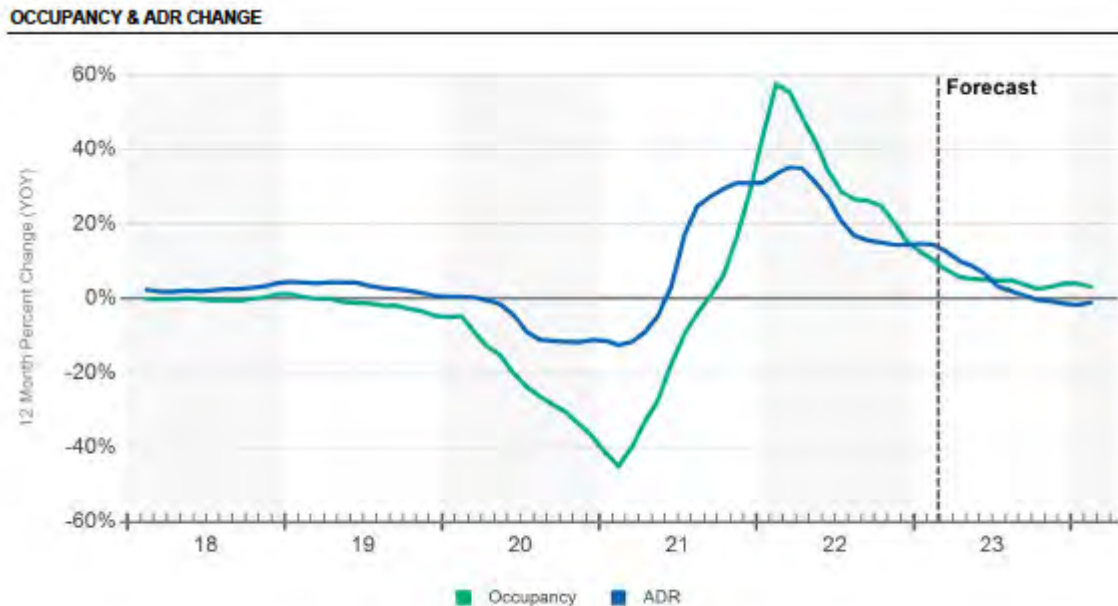
at an even stronger rate of 39.5% over the same timeframe. While developers are active elsewhere in the San Diego market—2,000 rooms are underway—nothing is under construction in the Sea World/Old Town/Airport hotel submarket itself. Moreover, the inventory has contracted over the past five years, as demolition activity has outpaced new construction. The submarket does see sales activity, but is not a particularly active grounds for hotel investment. On average, one or two deals per year have closed in recent years.”

Data is presented from the Subject’s submarket, then comparison with data provided from the Subject’s operations is made, and appraiser’s forecast.

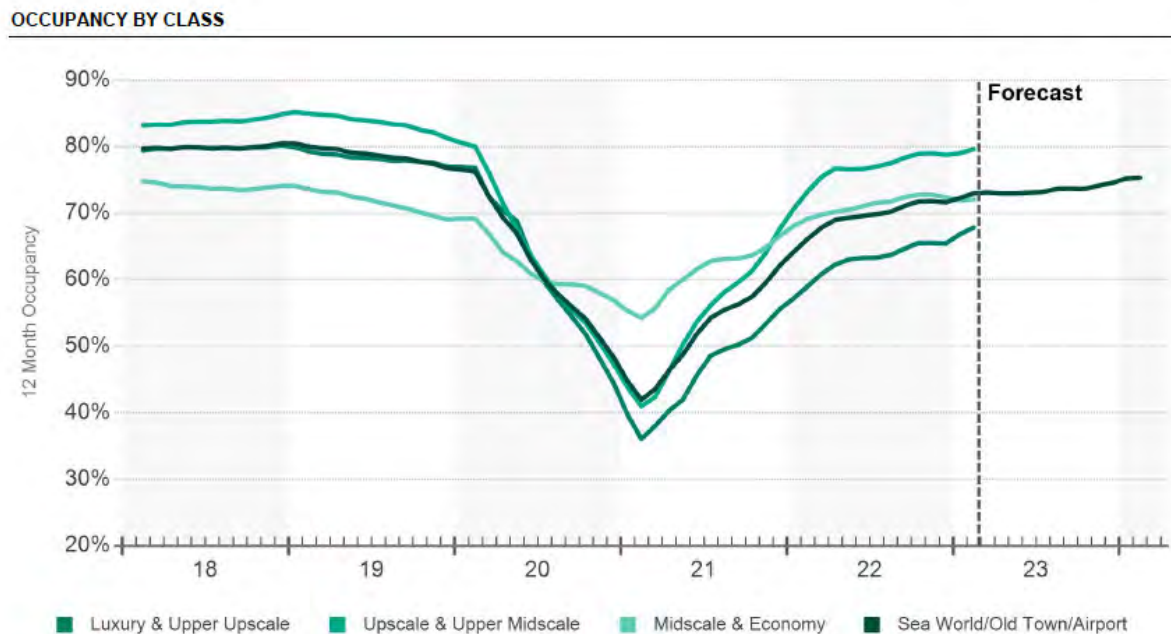
The following chart shows the submarket occupancy data from 2018 through 2022, and forecast for 2023.



The following chart shows the submarket occupancy and ADR change data from 2018 through 2022, and forecast for 2023. The data demonstrates the dramatic impact upon the hospitality industry during the pandemic, and significant increases in 2021 into 2022, then forecast is normalizing the occupancy and ADR changes.

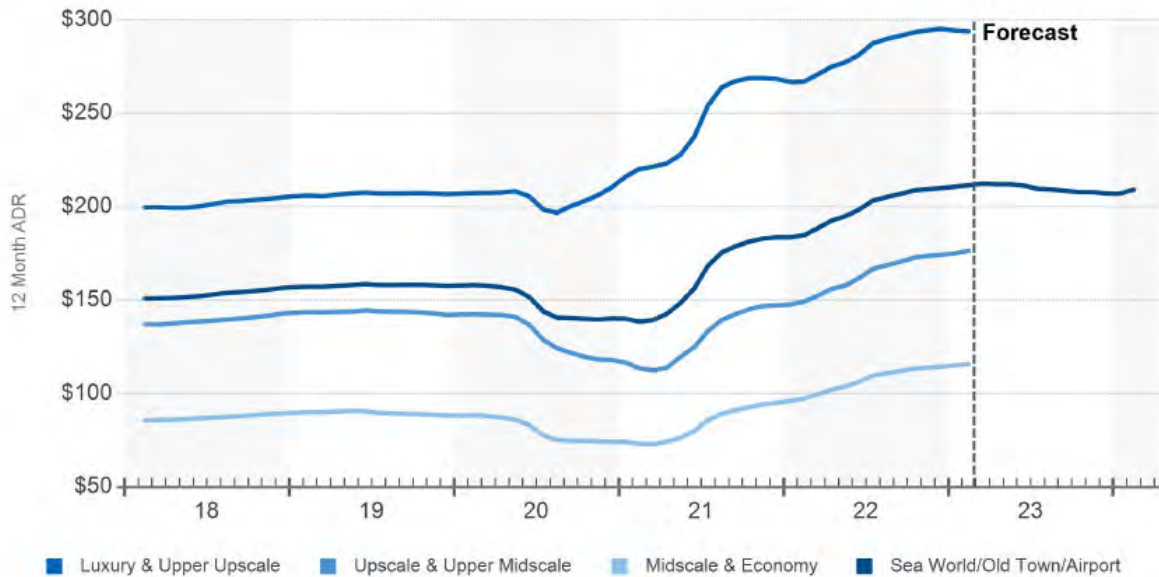


The following chart shows the submarket occupancy by class identification data from 2018 through 2022, and forecast for 2023. The Subject is identified within the Midscale & Economy class.



The following chart shows the submarket ADR by class identification data from 2018 through 2022, and forecast for 2023. The Subject is identified within the Midscale & Economy class.

ADR BY CLASS



The following chart shows the submarket Midscale & Economy class performance. Key indicators for 2022 occupancy 72.4%, representing an 8.7% increase over 2021, and ADR of \$114.43, representing a 20.3% increase over 2021.

MIDSCALE & ECONOMY PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027						
2026						
2025						
2024						
2023						
YTD	65.6%	-2.7%	\$94.78	10.7%	\$62.13	7.7%
2022	72.4%	8.7%	\$114.43	20.3%	\$82.83	30.8%
2021	66.6%	17.0%	\$95.12	28.2%	\$63.34	50.0%
2020	56.9%	-17.6%	\$74.19	-16.0%	\$42.22	-30.7%
2019	69.0%	-6.9%	\$88.30	-1.2%	\$60.97	-8.0%
2018	74.1%	-0.7%	\$89.41	4.7%	\$66.29	3.9%
2017	74.7%	-0.8%	\$85.40	3.0%	\$63.78	2.3%
2016	75.3%	4.0%	\$82.89	2.7%	\$62.37	6.8%
2015	72.3%	2.3%	\$80.71	6.2%	\$58.39	8.7%
2014	70.7%	9.6%	\$75.99	4.3%	\$53.73	14.2%
2013	64.5%	-2.2%	\$72.89	3.8%	\$47.04	1.5%

Subject's Historical Data and Revenue Forecast

The Subject's 2021 historical operating data and January through May 2022 data was provided and analyzed. We have had very limited data access and availability, and have worked with data provided. We do not have room nights sold with which to calculate Occupancy and ADR data from the historical financials provided for January through May 2022 data. We were provided with 2022 Revenue and ADR data, but not operating expenses data. Both of these factors weakened our analyses. Further analysis utilizing Costar market and submarket operating data regarding submarket occupancies, ADR and operating expenses was analyzed as previously presented.

Summarized following is the Subject's historical data provided and comparison with Costar submarket data.

Operating Expenses

The Subject's operating data provided is summarized following. In addition Costar submarket operating data is provided.

Project	Subject		Subject		Costar Data Per Room	
	2021		2022 Jan-May Annualized			
Number of Rooms	62		62			
	Per Room	Amount	Per Room	Amount	Past 5 Years	Past Year
Total Revenue	\$ 22,849	\$ 1,416,652	\$ 22,810	\$ 1,414,205	\$ 41,674	\$ 49,628
ADR		\$ 119.41		Nav		\$ 131.05
Occupancy		52.43%		Nav		69.50%
Total Revenues			\$ 22,810	\$ 1,414,205		
Operating Expenses	Per Room	Total	Per Room	Total	Per Room	Per Room
Administration	\$ 583	\$ 36,153	\$ 2,324	\$ 144,091	\$ 6,811	\$ 7,112
Bank Charges & Credit Card Fees	\$ 581	\$ 36,013	\$ 223	\$ 13,812	Incl Admin	Incl Admin
Commissions Flag & Royalties	\$ 2,210	\$ 137,037	\$ 3,036	\$ 188,251	\$ 1,973	\$ 2,549
Maintenance and Repairs	\$ 629	\$ 38,988	\$ 2,056	\$ 127,445	\$ 2,401	\$ 2,573
Food & Beverages	\$ 223	\$ 13,812	\$ 13	\$ 823	\$ 2,369	\$ 2,884
Management Fee	\$ -		\$ -		\$ 1,440	\$ 1,848
Payroll	\$ 2,776	\$ 172,092	\$ 3,063	\$ 189,902	\$ 3,631	
Utilities Total	\$ 1,137	\$ 70,490	\$ 1,123	\$ 69,622	\$ 1,808	\$ 2,240
Property & Liability Ins.	\$ 115	\$ 7,119	\$ 459	\$ 28,478	\$ 540	\$ 755
Real Estate and Other Taxes	\$ 1,514	\$ 93,840	\$ 1,237	\$ 76,700	\$ 1,627	\$ 1,498
Replacement Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 9,767	\$ 605,544	\$ 13,534	\$ 839,125	\$ 22,600	\$ 21,459

2022 revenue data indicates the following for the Subject:

Total revenue of \$1,414,205
Room nights available 22,651
Room nights sold 14,646

This all computes to an ADR of \$142.30, and occupancy of 64.66%. Again, no operating expense data was provided for 2022.

2021 revenue data indicates the following for the Subject:

Total revenue of \$1,416,652
Room nights available 22,630
Room nights sold 11,865

This all computes to an ADR of \$119.40 and occupancy of 52.43%.

This compares with Costar 2022 ADR data of \$131.05 and occupancy of 69.50% within the Subject's submarket midscale/economy class.

Further, Costar data indicates 2021-2022 change in ADR of 18.70% increase, and occupancy change increase of 11.00%.

The Subject's correlation equates to an ADR change from 2021 to 2022 of 19.18% and occupancy change of 23.33 percent change.

Overall, the Subject's reported operating data change from 2021 to 2022 is consistent with the Costar submarket ADR increase, and exceeds the submarket data significantly in occupancy.

For analysis purposes, a forecast ADR for the Subject is estimated at \$130.00, and occupancy of 64.0%. This equates to 14,716 room nights sold and total revenue of \$1,913,080. This is consistent with Costar submarket data and Costar forecast ADR and occupancy data.

Following is the operating expenses forecast.

Hotel Operating Expenses			
Operating Expenses		Per Room	Total Annual
Administration		\$600	\$37,800
Management Fee	3.50%	\$1,063	\$66,961
Maintenance and Repairs		\$2,000	\$126,000
Food & Beverage Fees		\$225	\$14,175
Bank Charges & Credit Card Fees	2.50%	\$759	\$47,830
Commissions Flag & Royalties	12.00%	\$3,644	\$229,582
Payroll		\$3,000	\$189,000
Utilities		\$1,140	\$71,820
Property & Liability Insurance		\$450	\$28,350
Real Estate and Other Taxes		\$2,134	\$134,460
Total Operating Expenses		\$15,016	\$945,978

Administration weight is placed upon 2021 historical data. 2022 Administration data includes an "other business expenses" amount of \$56,500 not reflected in 2021 data. Management fee is not reported in the Subject's historical data, and the Costar data shows management fees of 3.46% past five years, and 3.72% past year. Forecast management fee is 3.50% of revenue.

Weight is placed upon historical and Costar Maintenance and repairs expense. Weight is placed on historical bank charges and credit card fees of 2.50% of room revenue. Weight is placed upon

historical Commissions fees which were 9.67% in 2021 and 2022 annualized was 13.31% of room revenue. Weight is placed upon historical and Costar data for payroll and utilities expenses. Weight is placed upon 2022 annualized data and Costar data for insurance expense. Real Estate taxes are calculated based upon reassessment using the current tax rate of 1.21636 per \$100 of indicated value.

DIRECT CAPITALIZATION

To quantify the income potential of the Subject, a direct capitalization of a forecast cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income. In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

CAPITALIZATION RATE SELECTION

We lack overall rate data from the improved sales. Reliance is placed upon Costar data which indicates current overall rates of 7.50% for the Subject's submarket midscale/economy class.

PWC Real Estate Investor Survey

The Price Waterhouse Coopers Real Estate Investor Survey tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national lodging market first quarter 2023:

"After an additional increase to the federal funds rate in early February 2023 and the lingering threat of a near-term recession, overall cap rates have noticeably increased in most property sectors both on a quarterly and year-over-year basis."

National Limited-Service Midscale & Economy Lodging Segment First Quarter 2023

OVERALL CAP RATE (OAR)*					
Range	8.00% – 11.50%	8.00% – 11.50%	7.00% – 10.50%	7.50% – 11.00%	7.50% – 11.00%
Average	9.65%	9.75%	8.88%	9.10%	9.15%
Change (Basis Points)		- 10	+ 77	+ 55	+ 50

An overall rate conclusion of 8.75% is considered reasonable and market oriented.

Following is a summary of the forecast income, expenses, and indicated value.

Hotel Income Capitalization			
Estimated ADR			\$130.00
Estimated Occupancy			64.0%
Estimated Occupied Rooms Annualized			14,717
Total Potential Income	63		\$1,913,184
Operating Expenses			
Administration		\$600	\$37,800
Management Fee	3.50%	\$1,063	\$66,961
Maintenance and Repairs		\$2,000	\$126,000
Food & Beverage Fees		\$225	\$14,175
Bank Charges & Credit Card Fees	2.50%	\$759	\$47,830
Commissions Flag & Royalties	12.00%	\$3,644	\$229,582
Payroll		\$3,000	\$189,000
Utilities		\$1,140	\$71,820
Property & Liability Insurance		\$450	\$28,350
Real Estate and Other Taxes		\$2,134	\$134,460
Total Operating Expenses		\$15,016	\$945,978
Net Operating Income			\$967,206
Capitalization Rate			8.75%
Indicated Value			\$11,053,781
Rounded			\$11,050,000

SALES COMPARISON APPROACH – PERMANENT SUPPORTIVE HOUSING USE

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost him to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, we are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

Extensive research was performed in gathering the most recent data for comparison of the Subject. The improved sales are all motel conversion properties to Homekey operation. There is an active market for transactions involving motel properties whether operating or closed and transition to the Homekey program due to availability of funding for acquisitions and development costs. Regional Sales are profiled. Research from the Homekey 2.0 awards was researched, however, sufficient data with which to profile sales was unavailable with the exception of Sale 1, which we have appraisal data. We are aware there are sales of several Extended Stay motels that transferred subsequent to a portfolio sale of 564 properties in June 2021 purchased for Homekey operation, however, we were not able to obtain sufficient data for these transfers. Individual data sheets follow. The table below summarizes recent comparable sales.

Tabulation of Improved Apartment Sales									
Data No.	Project/Location	Date of Sale	Sale Price	OAR	Effective Gross Income	EGIM	Expense Ratio	# of Units	Price per Unit
1	Sea Rock Inn 14032 South Vermont Avenue Los Angeles, CA 90247	Aug-22	\$10,500,000	4.18%	\$ 829,920	12.65	47.1%	53	\$198,113
2	1643 North Martel Avenue 1643 North Martel Avenue Los Angeles, CA 90046	Nov-20	\$4,475,000	4.82%	\$ 315,930	14.16	31.7%	11	\$406,818
3	Budget Inn & M Motel 10024 & 10038 Valley Boule El Monte, CA 91731	Dec-20	\$15,000,000	4.73%	\$ -	NA	NA	133	\$112,782
4	Motel 6 10646 Rosecrans 10646 Rosecrans Avenue Norwalk, CA 90650	Nov-20	\$5,740,000	4.78%	\$ -	NA	NA	56	\$102,500
5	Motel 6 7th Street 5665 East 7th Street Long Beach, CA 90804	Nov-20	\$5,615,100	5.20%	\$ -	NA	NA	43	\$130,584



Comparable #1

Apartment Name Sea Rock Inn
 Street 14032 South Vermont Avenue
 City, State Los Angeles, CA 90247
 County Los Angeles
 APN 6119-014-024
 Site Size (acres) 1.05
 Zoning C2
 No. of Units 53
 Rentable Area (SF) 19,133
 Year Built 1984/2019
 Parking Surface
 Quality Average
 Condition Average
 Buyer Weingart Willows LLC
 Seller Shatrujeet Inc
 Sale Date Aug-22
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 11813

**Property Description:**

Bed/Bath	Area (SF)	Units	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	310	53	\$0	0	0%
Totals		53		0	0%

Income & Expense

Sale Price	\$ 10,500,000
Gross Scheduled Income	\$ 873,600
Miscellaneous Income	\$ -
Total Gross Income	\$ 873,600
Vacancy Factor	<u>\$ (43,680)</u>
Effective Gross Income	\$ 829,920
Estimated Expenses	<u>\$ (391,080)</u>
Net Operating Income	\$ 438,840

Financial Indicators

Price per Unit	\$ 198,113
Price per SF	\$ 548.79
EGIM	12.65
OAR	4.18%
Expenses per Unit	\$ 7,379
Expense Ratio	47.1%
NOI per Unit	\$ 8,280
NOI per SF	\$ 22.94

Notes:

Data source appraisal information. Property is an operating motel in contract for transition to Homekey program operation. Income and expense data reflects budget amounts per Homekey program.

Comparable #2

Apartment Name 1643 North Martel Avenue
 Street 1643 North Martel Avenue
 City, State Los Angeles, CA 90046
 County Los Angeles
 APN 5550-015-010
 Site Size (acres) 0.16
 Zoning R3
 No. of Units 11
 Rentable Area (SF) 7,383
 Year Built 1986
 Parking NA
 Quality Average
 Condition Average
 Buyer City of Los Angeles Housing Authority
 Seller 1643 Martel LLC
 Sale Date Nov-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 11656

**Property Description:**

Bed/Bath	Area (SF)	Units	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	0	1	\$1,600	0	0%
1/1.0	0	6	\$2,200	0	0%
2/1.0	0	4	\$3,175	0	0%
Totals		11		0	0%

Income & Expense

Sale Price	\$ 4,475,000
Gross Scheduled Income	\$ 325,701
Miscellaneous Income	\$ -
Total Gross Income	\$ 325,701
Vacancy Factor	\$ (9,771)
Effective Gross Income	\$ 315,930
Estimated Expenses	\$ (100,080)
Net Operating Income	\$ 215,850

Financial Indicators

Price per Unit	\$	406,818
Price per SF	\$	606.12
EGIM		14.16
OAR		4.82%
Expenses per Unit	\$	9,098
Expense Ratio		31.7%
NOI per Unit	\$	19,623
NOI per SF	\$	29.24

Notes:

Data source Costar and marketing package information. Transaction involves acquisition as part of the Homekey program. Reserves of \$300 per unit are included.

Comparable #3

Apartment Name Budget Inn & M Motel
 Street 10024 & 10038 Valley Boulevard
 City, State El Monte, CA 91731
 County Los Angeles
 APN 8578-008-004; 8578-008-018; 8578-008-004
 Site Size (acres) 1.97
 Zoning C3
 No. of Units 133
 Rentable Area (SF) 45,412
 Year Built 1964 & 1984
 Parking NA
 Quality Average
 Condition Average
 Buyer City of El Monte
 Seller Tux Inn LLC
 Sale Date Dec-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 11658

**Property Description:**

Bed/Bath	Area (SF)	Units	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	0	133	\$0	0	0%
Totals		133		0	0%

Income & Expense			Financial Indicators		
Sale Price	\$	15,000,000	Price per Unit	\$	112,782
Gross Scheduled Income	\$	-	Price per SF	\$	330.31
Miscellaneous Income	\$	-	EGIM		NA
Total Gross Income	\$	-	OAR		4.73%
Vacancy Factor	\$	-	Expenses per Unit	\$	(5,339)
Effective Gross Income	\$	-	Expense Ratio		NA
Estimated Expenses	\$	710,100	NOI per Unit	\$	5,339
Net Operating Income	\$	710,100	NOI per SF	\$	15.64

Notes:

Data source Costar and marketing package information. Transaction consists of portfolio of two lodging properties acquisition for the Homekey program. Budget Inn consists of 40 rooms and M Hotel consists of 93 rooms. Reserves of \$300 per room included.

Comparable #4

Apartment Name Motel 6 10646 Rosecrans
 Street 10646 Rosecrans Avenue
 City, State Norwalk, CA 90650
 County Los Angeles
 APN 8076-001-043
 Site Size (acres) 0.70
 Zoning C-1 P
 No. of Units 56
 Rentable Area (SF) 33,105
 Year Built 1975
 Parking NA
 Quality Average
 Condition Average
 Buyer County of Los Angeles
 Seller G6 Hospitality Property LLC
 Sale Date Nov-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 11660

**Property Description:**

Bed/Bath	Area (SF)	Units	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	0	56	\$0	0	0%
Totals		56		0	0%

Income & Expense

Sale Price	\$ 5,740,000
Gross Scheduled Income	\$ -
Miscellaneous Income	\$ -
Total Gross Income	\$ -
Vacancy Factor	\$ -
Effective Gross Income	\$ -
Estimated Expenses	\$ 274,218
Net Operating Income	\$ 274,218

Financial Indicators

Price per Unit	\$ 102,500
Price per SF	\$ 173.39
EGIM	NA
OAR	4.78%
Expenses per Unit	\$ (4,897)
Expense Ratio	NA
NOI per Unit	\$ 4,897
NOI per SF	\$ 8.28

Notes:

Data source Costar and published information. Property acquired as part of a five-properties Motel 6 portfolio for the Homekey program. Reserves of \$300 per room included.

Comparable #5

Apartment Name Motel 6 7th Street
 Street 5665 East 7th Street
 City, State Long Beach, CA 90804
 County Los Angeles
 APN 7240-025-902
 Site Size (acres) 0.55
 Zoning CCA
 No. of Units 43
 Rentable Area (SF) 11,661
 Year Built 1974
 Parking NA
 Quality Average
 Condition Average
 Buyer County of Los Angeles
 Seller G6 Hospitality Property LLC
 Sale Date Nov-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 11661

**Property Description:**

Bed/Bath	Area (SF)	Units	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	0	43	\$0	0	0%
Totals		43		0	0%

Income & Expense			Financial Indicators		
Sale Price	\$	5,615,100	Price per Unit	\$	130,584
Gross Scheduled Income	\$	-	Price per SF	\$	481.53
Miscellaneous Income	\$	-	EGIM		NA
Total Gross Income	\$	-	OAR		5.20%
Vacancy Factor	\$	-	Expenses per Unit	\$	(6,791)
Effective Gross Income	\$	-	Expense Ratio		NA
Estimated Expenses	\$	291,999	NOI per Unit	\$	6,791
Net Operating Income	\$	291,999	NOI per SF	\$	25.04

Notes:

Data source Costar and published information. Property acquired as part of a five-properties Motel 6 portfolio for the Homekey program. Reserves of \$300 per room included.

Adjustment Grid - Apartment Property Sales											
	Subject	Sale No. 1		Sale No. 2		Sale No. 3		Sale No. 4		Sale No. 5	
	Ramada Inn 3737 Midway Drive San Diego, CA 92110	Sea Rock Inn 14032 South Vermont Avenue Los Angeles, CA 90247		1643 North Martel Avenue 1643 North Martel Avenue Los Angeles, CA 90046		Budget Inn & M Motel 10024 & 10038 Valley Boulevard El Monte, CA 91731		Motel 6 10646 Rosecrans 10646 Rosecrans Avenue Norwalk, CA 90650		Motel 6 7th Street 5665 East 7th Street Long Beach, CA 90804	
Total Sale Price		\$10,500,000		\$4,475,000		\$15,000,000		\$5,740,000		\$5,615,100	
Price Per Dwelling Unit		\$198,113		\$406,818		\$112,782		\$102,500		\$130,584	
		Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing Terms	Cash Equivalent	Cash Equivalent	\$198,113	Cash Equivalent	\$406,818	Cash Equivalent	\$112,782	Cash Equivalent	\$102,500	Cash Equivalent	\$130,584
Adjusted \$/DU			\$198,113		\$406,818		\$112,782		\$102,500		\$130,584
Condition of Sale	Market	Market		Market		Market		Market		Market	
Adjusted \$/DU			\$198,113		\$406,818		\$112,782		\$102,500		\$130,584
Expenditures made immediately after purchase		None		None		None		None		None	
Adjusted \$/DU			\$198,113		\$406,818		\$112,782		\$102,500		\$130,584
Date of Sale		Aug-22		Nov-20	10.00%	Dec-20	10.00%	Nov-20	10.00%	Nov-20	10.00%
Adjusted \$/DU			\$198,113		\$447,500		\$124,060		\$112,750		\$143,642
Physical Characteristic		Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment
Location	Average	Inferior	30.00%	Similar		Inferior	40.00%	Inferior	10.00%	Inferior	30.00%
No. of Units	63	53		11		133		56		43	
Design & Appeal	Two Story	Two Story		Two Story		Two Story		Two Story		Two Story	
Effective Age/Condition	2010	2009	1.00%	1974	36.00%	1975	35.00%	1975	35.00%	1974	36.00%
Parking	Surface	Surface		Subterranean	-10.00%	Surface		Surface		Surface	
Property Amenities	Average										
Total Percentage Adjustment			31.00%		26.00%		75.00%		45.00%		66.00%
Adjusted Price Per DU			\$259,528		\$563,850		\$217,105		\$163,488		\$238,446
		Minimum Per Unit		\$163,488							
		Maximum Per Unit		\$563,850							
		Mean Per Unit		\$288,483							

Sale Date/Market Conditions

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables. During the time period between 2008 and 2012, there were softened market conditions, and declining market values. Appreciation in land values started being reported in late 2012 and has continued rising through the year-to-date. Interviews with local brokers indicate land values increased five and 10 percent per year during that time.

The improved sales occurred between November 2020 and August 2022. Based on this methodology, Sales 2, 3, 4, and 5 were adjusted upward 10 percent.

Location

The search for market-oriented sales are comprised of motel properties transitioned to Homekey operation. The Sales are located within southern California communities, and locational differences exist. For purposes of adjustment, comparison of median gross rent by zip code was utilized.

The table below illustrates this analysis and the adjustments applied to the sales.

Location Adjustment				
Sale	Zip Code	Median Gross Rent	% Difference	Matrix Adjustment
Subject	92110	\$1,825	-	-
Sale 1	90247	\$1,372	33%	30%
Sale 2	90046	\$1,770	3%	0%
Sale 3	91731	\$1,284	42%	40%
Sale 4	90650	\$1,678	9%	10%
Sale 5	90804	\$1,410	29%	30%

Condition

The Subject is in average condition. Sales 1, 2, 3, 4, and 5 were reportedly operating motels at transfer and in average condition; therefore, no adjustment is warranted.

Effective Age

The Subject was constructed in 1959 and renovated in 2011. An effective age of 2001 which is ten years prior to renovation, is estimated for analysis purposes as structures continue to provide some features of the original construction. The Sales are adjusted based upon one percent per year difference effective age. Sale 1 was adjusted downward one percent. Sales 2 and 5 were adjusted upward 36 percent. Sales 3 and 4 were adjusted upward 35 percent.

Parking

The Subject and Sales 1, 3, 4, and 5 provide surface parking and no adjustment is warranted. Sale 2 provides subterranean parking and was adjusted downward subjectively 10 percent.

Conclusion

The Sales illustrate a range of price per room from \$163,488 to \$563,850, and average \$288,483 per room. Greatest weight is placed upon Sale 1 as the most recent and comparable property at generally similar life cycle stage, and Secondary weight is placed upon Sales 3, 4, and 5. Lesser weight is placed upon Sale 2 due to its property characteristics. An indication of \$215,000 per unit/room is considered reasonable and market oriented. This equates to an indication of \$13,550,000; a deduction for installation/construction costs of kitchenettes of \$1,170,000 yields an indication of \$12,380,000, rounded.

SALES COMPARISON APPROACH - EXISTING USE

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost him to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, we are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

Following is a summary of existing hotel improved sales located in San Diego and Chula Vista.

Tabulation of Improved Apartment Sales									
Data No.	Project/Location	Date of Sale	Sale Price	No. Rooms	Year Built/Renov	Effective Age	Price per Room	Time Adjustment	Market Conditions/Time Adjusted Price per Room
1	Days Inn Suites 7475 El Cajon Boulevard San Diego, CA 91942	Apr-23	\$8,350,000	40	1982/2018	2008	\$208,750	0.0%	\$208,750
2	Rodeway Inn & Suites 372 Broadway Chula Vista, CA 92101	Sep-20	\$2,400,000	22	1960	1960	\$109,091	10%	\$120,000
3	Rodeway Inn San Diego 5399 Adobe Falls Road San Diego, CA 92120	Aug-22	\$8,380,000	63	1973	1973	\$133,016	0.0%	\$133,016
4	American Best Value Inn Loma Lodge 3202 Rosecrans Avenue San Diego, CA 92110	Sep-20	\$4,900,000	43	1961	1961	\$113,953	10%	\$113,953
5	La Quinta Inn 150 Bonita Road Chula Vista, CA 91910	Aug-22	\$24,992,000	142	1986/2012	2002	\$176,000	0.0%	\$176,000

Comparable #1

Apartment Name Days Inn Suites
 Street 7475 El Cajon Boulevard
 City, State San Diego, CA 91942
 County San Diego
 APN 469-230-15, 19
 Site Size (acres) 0.88
 Zoning C-D-MU
 No. of Rooms 40
 Rentable Area (SF) 22,410
 Year Built 1982/2018
 Parking Surface
 Quality Average
 Condition Average
 Buyer La Mesa Multi-family Partners LLC
 Seller Lotus Hotel Inc
 Sale Date Apr-23
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 17692

**Property Description:**

Bed/Bath	Area (SF)	Rooms	Monthly Rent	Vacant Units	Vacancy Rate
0.0/1.0	Nav	40		0	0%
Totals		40		0	0%

Income & Expense

Income & Expense			Financial Indicators	
Sale Price	\$	8,350,000	Price per Unit	\$ 208,750
Gross Scheduled Income		Nav	Price per SF	\$ 372.60
Miscellaneous Income		Nav	EGIM	Nav
Total Gross Income		Nav	OAR	Nav
Vacancy Factor		Nav	Expenses per Unit	Nav
Effective Gross Income		Nav	Expense Ratio	NA
Estimated Expenses		Nav	NOI per Unit	Nav
Net Operating Income		Nav	NOI per SF	Nav

Notes:

Data source Costar and published information. Operating Days Inn Suites transferred with plan to reconfigure to multifamily use.

Multiple attempts to contact parties involved in the transaction were made and were unsuccessful. There is published information from the listing broker that indicates some value added to the seller was obtained resulting from marketing of the property as potential multifamily future use in addition to lodging property use.

Comparable #2

Apartment Name Rodeway Inn & Suites
 Street 372 Broadway
 City, State Chula Vista, CA 92101
 County San Diego
 APN 567-090-22
 Site Size (acres) 0.40
 Zoning C
 No. of Rooms 22
 Rentable Area (SF) 7,620
 Year Built 1960
 Parking Surface
 Quality Average
 Condition Fair
 Buyer Devraaj Management LLC
 Seller APR Enterprises, Inc.
 Sale Date Sep-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 17348

**Property Description:**

Bed/Bath	Area (SF)	Rooms	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	Nav	22			0%
Totals		22		0	0%

Income & Expense

Sale Price	\$ 2,400,000
Gross Scheduled Income	Nav
Miscellaneous Income	Nav
Total Gross Income	Nav
Vacancy Factor	Nav
Effective Gross Income	Nav
Estimated Expenses	Nav
Net Operating Income	Nav

Financial Indicators

Price per Unit	\$ 109,091
Price per SF	\$ 314.96
EGIM	Nav
OAR	Nav
Expenses per Unit	Nav
Expense Ratio	Nav
NOI per Unit	Nav
NOI per SF	Nav

Notes:

Data source Costar and published information.

Comparable #3

Apartment Name Rodeway Inn San Diego
 Street 5399 Adobe Falls Road
 City, State San Diego, CA 92120
 County San Diego
 APN 462-440-20
 Site Size (acres) 1.55
 Zoning CR
 No. of Rooms 63
 Rentable Area (SF) 19,090
 Year Built 1973
 Parking Surface
 Quality Average
 Condition Average
 Buyer Virpur LLC
 Seller Palm Tree Hospitality Corporation
 Sale Date Aug-22
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 17349

**Property Description:**

Bed/Bath	Area (SF)	Rooms	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	Nav	63			0%
Totals		63		0	0%

Income & Expense

Sale Price	\$ 8,380,000
Gross Scheduled Income	Nav
Miscellaneous Income	Nav
Total Gross Income	Nav
Vacancy Factor	Nav
Effective Gross Income	Nav
Estimated Expenses	Nav
Net Operating Income	Nav

Financial Indicators

Price per Unit	\$	133,016
Price per SF	\$	438.97
EGIM		Nav
OAR		Nav
Expenses per Unit		Nav
Expense Ratio		Nav
NOI per Unit		Nav
NOI per SF		Nav

Notes:

Data source Costar and published information.

Comparable #4

Apartment Name American Best Value Inn Loma Lodge
 Street 3202 Rosecrans Avenue
 City, State San Diego, CA 92110
 County San Diego
 APN 450-401-11
 Site Size (acres) 0.57
 Zoning Commercial
 No. of Rooms 43
 Rentable Area (SF) 9,442
 Year Built 1961
 Parking Surface
 Quality Average
 Condition Average
 Buyer K Ishwar V Jump, LLC
 Seller James & Berta Darr Trust A
 Sale Date Sep-20
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 17350

**Property Description:**

Bed/Bath	Area (SF)	Rooms	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	Nav	43			0%
Totals		43		0	0%

Income & Expense

Sale Price	\$ 4,900,000
Gross Scheduled Income	Nav
Miscellaneous Income	Nav
Total Gross Income	Nav
Vacancy Factor	Nav
Effective Gross Income	Nav
Estimated Expenses	Nav
Net Operating Income	Nav

Financial Indicators

Price per Unit	\$	113,953
Price per SF	\$	518.96
EGIM		Nav
OAR		Nav
Expenses per Unit		Nav
Expense Ratio		Nav
NOI per Unit		Nav
NOI per SF		Nav

Notes:

Data source Costar and published information.

Comparable #5

Apartment Name La Quinta Inn
 Street 150 Bonita Road
 City, State Chula Vista, CA 91910
 County San Diego
 APN 570-140-61, 570-140-62
 Site Size (acres) 2.43
 Zoning Bonita Glen SPA
 No. of Rooms 142
 Rentable Area (SF) 82,065
 Year Built 1986/2012
 Parking Surface
 Quality Average
 Condition Average
 Buyer Karma Hospitality Bonita LLC
 Seller Cavalier California LP
 Sale Date Aug-22
 Marketing Time Nav
 Property Rights Fee Simple
 Condition of Sale Market
 Cash Equivalency Yes
 Comp ID Number 17801

**Property Description:**

Bed/Bath	Area (SF)	Rooms	Monthly Rent	Vacant Units	Vacancy Rate
0/1.0	Nav	142		0	0%
Totals		142		0	0%

Income & Expense			Financial Indicators		
Sale Price	\$	24,992,000	Price per Unit	\$	176,000
Gross Scheduled Income	Nav		Price per SF	\$	304.54
Miscellaneous Income	Nav		EGIM		Nav
Total Gross Income	Nav		OAR		Nav
Vacancy Factor	Nav		Expenses per Unit		Nav
Effective Gross Income	Nav		Expense Ratio		Nav
Estimated Expenses	Nav		NOI per Unit		Nav
Net Operating Income	Nav		NOI per SF		Nav

Notes:

Data source Costar and published information. There is discrepancy between recorded document price of \$23,000,000, and reported by buyer price of \$24,992,000 per Costar data. For analysis purposes the buyer reported price is used.

Adjustment Grid Existing Hotel Sales											
	Subject	Sale No. 1		Sale No. 2		Sale No. 3		Sale No. 4		Sale No. 5	
	Ramada Inn 3737 Midway Avenue, San Diego, CA 921	Days Inn Suites 7475 El Cajon Boulevard San Diego, CA 91942		Rodeway Inn & Suites 372 Broadway Chula Vista, CA 92101		Rodeway Inn San Diego 5399 Adobe Falls Road San Diego, CA 92120		American Best Value Inn Loma Lodge 3202 Rosecrans Avenue San Diego, CA 92110		La Quinta Inn 150 Bonita Road Chula Vista, CA 91910	
Total Sale Price		\$8,350,000		\$2,400,000		\$8,380,000		\$4,900,000		\$24,992,000	
Price Per Room		\$208,750		\$109,091		\$133,016		\$113,953		\$176,000	
		Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
			\$208,750		\$109,091		\$133,016		\$113,953		\$176,000
Financing Terms	Cash Equivalent	Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent	
Adjusted \$Room			\$208,750		\$109,091		\$133,016		\$113,953		\$176,000
Condition of Sale	Market	Market		Market		Market		Market		Market	
Adjusted \$/DU			\$208,750		\$109,091		\$133,016		\$113,953		\$176,000
Expenditures made immediately after purchase		None		None		None		None		None	
Adjusted \$Room			\$208,750		\$109,091		\$133,016		\$113,953		\$176,000
Date of Sale		Apr-23	0.00%	Sep-20	10.00%	Aug-22		Sep-20	10.00%	Aug-22	
Adjusted \$Room			\$208,750		\$120,000		\$133,016		\$125,349		\$176,000
Physical Characteristic		Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment	Comparison	Adjustment
Location	Average	Inferior	10.00%	Average		Slightly Superior	-5.00%	Average		Inferior	15.00%
No. of Units	63	40		22		63		43		142	
Design & Appeal	2 Story	2 Story		2 Story		2 Story		2 Story		3 Story	
Age/Condition	1959/2011	1982/2018	-5.00%	1960	20.00%	1973	14.00%	1961	20.00%	1986/2012	-1.00%
Parking	Surface	Surface		Surface		Surface		Surface		Surface	
Miscellaneous	None	Use Premium	-10.00%	None		None		None		None	
Amenities	Average	Average		Average		Average		Average		Average	
Total Percentage Adjustment			-5.00%		20.00%		9.00%		20.00%		14.00%
Adjusted Price Per Room			\$198,313		\$144,000		\$144,987		\$150,419		\$200,640
		Minimum Per Room		\$144,000							
		Maximum Per Room		\$200,640							
		Mean Per Room		\$167,672							

Sale Date/Market Conditions

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables. During the time period between 2008 and 2012, there were softened market conditions, and declining market values. Appreciation in land values started being reported in late 2012 and has continued rising through the year-to-date. Interviews with local brokers indicate land values increased five and 10 percent per year during that time.

The improved sales occurred between September 2020 and April 2023. Based on this methodology, Sales 2 and 4 were adjusted upward 10 percent. No adjustment to Sales 1, 3, and 5 are warranted.

Location

The search for market-oriented sales is comprised of motel properties located in San Diego, and surrounding communities, and locational differences exist. For purposes of adjustment, comparison of median gross rent by zip code was utilized.

The table below illustrates this analysis and the adjustments applied to the sales. The location adjustment to Sales 1 and 5 are tempered downward.

Location Adjustment				
Sale	Zip Code	Median Gross Rent	% Difference	Matrix Adjustment
Subject & Sale 4	92110	\$1,825	-	-
Sale 1	91942	\$1,616	13%	10%
Sale 2	92101	\$1,797	2%	0%
Sale 3	92120	\$1,940	-6%	-5%
Sale 5	91910	\$1,547	18%	15%

Condition/Miscellaneous

The Subject is in average condition. Sales 2, 3, 4, and 5 were reportedly operating motels at transfer and in average condition; therefore, no adjustment is warranted. Sale 1 was an operating motel at time of sale. Multiple attempts to contact parties involved in the transaction were made and were unsuccessful. There is published information from the listing broker that indicates some value added to the seller was obtained resulting from marketing of the property as potential multifamily future use in addition to lodging property use. A pairing analysis between the other sales and Sale 1 illustrated a range of price per room difference from 10 to 53 percent which indicates there is some upward pressure for the change in use. The low end of the range was the pairing (Sale 1 vs Sale 5) with one of the lowest amount of adjustments applied; therefore a downward adjustment of 10 percent was applied to Sale 1. A copy of the pairing analysis is included in Addenda B.

Effective Age

The Subject was constructed in 1959 and renovated in 2011. An effective age of 2001 is estimated for analysis purposes as structures continue to provide some features of the original construction. The Sales are adjusted based upon 0.50 percent per year difference effective age. Sale 1 effective age is estimated at 2008, and adjusted downward (rounded up) five percent. Sales 2, 3, and 4 effective age are estimated consistent with their physical age. Sales 2 and 4 were adjusted upward 20 percent, and Sale 3 was adjusted upward 14 percent. Sale 5 effective age is estimated at 2002, reportedly built in 1986 and renovated in 2012, and adjusted downward one percent.

Parking

The Subject and Sales 1, 2, 3, 4, and 5 provide surface parking and no adjustment is warranted.

Amenities

The Subject and Sales 1, 2, 3, 4, and 5 provide generally similar amenities and no adjustment is warranted.

Conclusion

The Sales illustrate a range of price per room from \$144,000 to \$200,640, and average \$167,672 per room. Overall Sales 1 and 5 are the most comparable. Secondary weight is placed upon Sales 2, 3, and 4 as these properties overall more reflect their older vintage, whereas Sales 1 and 5 have reportedly been renovated. An indication of \$190,000 per room is considered reasonable and market oriented. This equates to an indication of \$11,970,000.

RECONCILIATION

In the final analysis, we considered the influence of the three approaches in relation to one another and in relation to the Subject. The appraisers have considered the traditional approaches in the estimation of the Subject's value, and greatest weight has been placed upon the income approach.

The resulting value estimates are presented below:

Valuation Method	Value Indication
Cost Approach	
Hypothetical Market Value of Land As If Vacant	\$4,910,000
Income Approach	
Market Value Fee Simple Interest Permanent Supportive Housing	\$12,800,000
Market Value Fee Simple Interest Existing Use	\$11,050,000
Sales Comparison Approach	
Market Value Fee Simple Interest Permanent Supportive Housing	\$12,380,000
Market Value Fee Simple Interest Existing Use	\$11,970,000

VALUE CONCLUSIONS

Weight is placed on the income approach for the permanent supportive housing use and on the Sales Comparison for the existing use. Our final value opinions are detailed below.

Value Conclusion	
Hypothetical Market Value of Land As If Vacant	\$4,910,000
Market Value Fee Simple Interest Permanent Supportive Housing	\$12,800,000
Market Value Fee Simple Interest Existing Use	\$11,970,000

Marketing/Exposure Time

Marketing Time is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of twelve months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the *PWC Real Estate Investor Survey*. This estimate assumes a strong advertising and marketing program during the marketing period.

The exposure/marketing time of the subject property is very difficult to judge in that the buy/sell decision involving investment properties is interrelated with the assumption that the property is priced reasonably and is adequately exposed to the proper market. Marketing Time differs from Exposure Time in that the estimate of Marketing Time is a projection into the future with the associated estimates as to future trends and factors that are likely to impact the market segment in which the subject is participating. In an attempt to forecast Marketing Time, consideration is given to the fact that the sales and opinions that have been elicited in the estimation of Exposure Time have been formulated during current economic conditions that are expected to be very similar in the foreseeable future.

Investment property brokers, investors, and sellers familiar with the market, report that the exposure time can range from 30 days to as long as twelve months. This assumes that financing is available and that there are no significant negative items affecting the property. Based upon information gathered during the course of this assignment it is our opinion that the appropriate estimate of the exposure time is equal to the marketing time for the subject and is estimated at six to twelve months.

ADDENDUM A

Assumptions and Limiting Conditions, Certification

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.
11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

19. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.
20. The party for whom this report is prepared has reported to the appraiser there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
21. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
23. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
24. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions.

CERTIFICATION

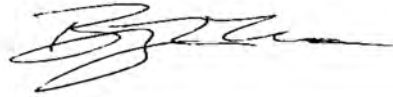
The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- We are performing a market study in conjunction with this report. No other appraisal or consulting assignments have been completed on the Subject in the past three years;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Valuation Practice of the Appraisal Institute and USPAP;
- Byron Lea, MAI performed a physical inspection of the property and the Subject's neighborhood September 22, 2022. Thomas Veleba provided assistance with portions of market research and preparation of portions of this report and is competent to perform such analyses. Amanda Baker, MAI and Jay Wortmann, MAI reviewed the report but did not inspect the Subject;
- We do not authorize the out of context quoting from or partial reprinting of this market analysis report. Further, neither all nor any part of this report shall be disseminated to the general public by the use of media for public communication without the prior written consent of Kinetic Valuation Group, Inc.;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

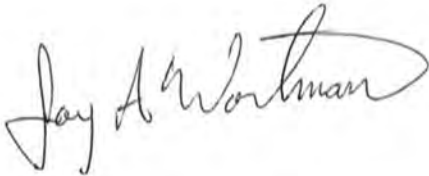
- As of the date of this report, Amanda Baker, MAI Jay Wortmann, MAI, and Byron Lea, MAI have completed the requirements of the continuing education program of the Appraisal Institute.



Amanda Baker, MAI
Appraiser
amanda@kvgteam.com
(402) 305-1693
Certified General
CA - 3002360
Expiration: 7/14/2024



Byron Lea, MAI
Appraiser
byron@kvgteam.com
(970) 699-1748
Certified General
CA - AG008505
Expiration: 2/28/2025



Jay Wortmann, MAI
Appraiser
jay@kvgteam.com
(402) 202-0771
Certified General
CA - 3001293
Expiration: 9/10/2023

ADDENDUM B

Subject Photographs and Information

SUBJECT PICTURES



Subject view



Subject view



Subject view



Lobby area



Lobby area



Subject view

SUBJECT PICTURES



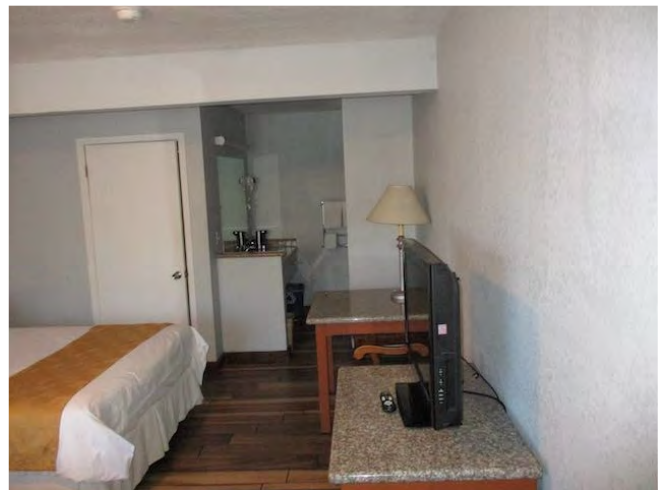
Subject view



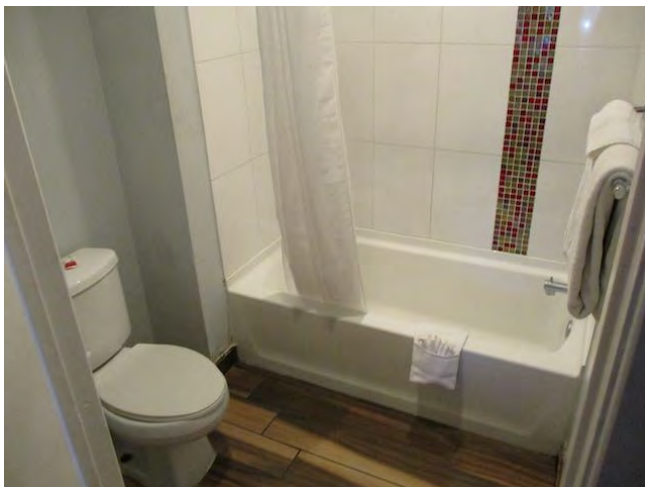
Subject view



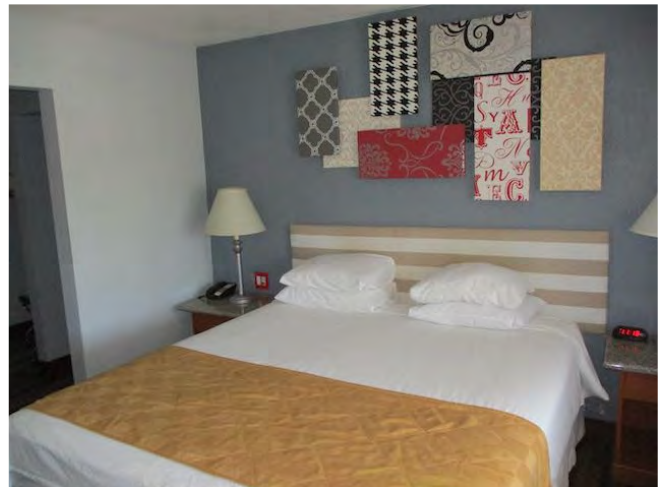
Typical room interior



Typical room interior



Typical room interior bathroom



Typical room interior

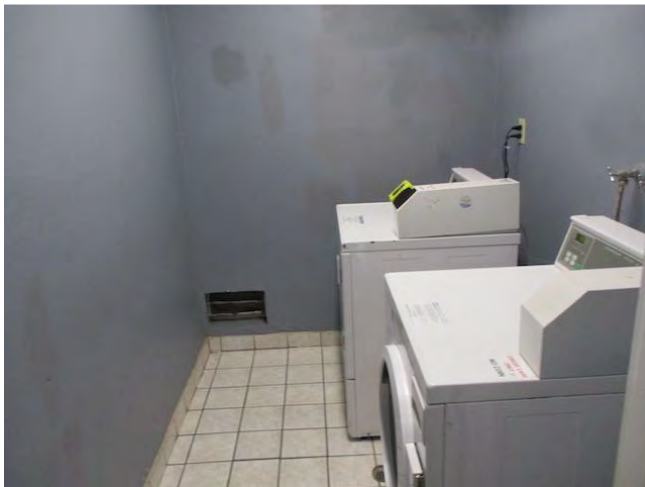
SUBJECT PICTURES



Typical suite interior



Property laundry



Guest laundry



Midway Drive facing east



Carz used car sales lot adjacent to Subject

SUBJECT PICTURES



Subject rear of property



Wyndham Garden across Midway Drive from Subject



Point Loma Plaza Shopping Mall adjacent to Subject



Point Loma Plaza Shopping Mall adjacent to Subject



Midway Drive facing west

Comparable #4

Survey Date: 3/29/23

Property Name	The Californian Apartments
Street	3233 Kemper Street
City, State	San Diego, CA
County	San Diego
Phone Number	619-736-1058
Contact Name	Kaj
Type	Multifamily
("M"arket/"L"ow Income)	Market
Proximity	0.18 miles
Structure	Garden (3 Story)
HCV Tenants	N/A
Yearly Turnover %	N/A
Leasing Pace	N/A
Waiting List	N/A
Concessions	None
Change in Rent	N/A
Year Built/Renovated	2018
Comp ID Number	13286



Property Description:

Bed/Bath	Area (SF)	Units	Rent	Concession (monthly)	Vacant Units	Vacancy Rate
Studio/1.0	512	5	\$2,100	\$0	0	0.0%
1/1.0	696	48	\$2,495	\$0	0	0.0%
2/2.0	971	26	\$2,995	\$0	0	0.0%
3/2.0	1,511	2	\$3,995	\$0	0	0.0%
Total Units		81			0	0.0%

Utilities:			Unit Amenities:		Appliances:	
	Who Pays Utility?	Gas/Electric G=Gas E=Electric	Central Heat/Cool	<input type="checkbox"/>	Refrigerator	<input checked="" type="checkbox"/>
Other Electric	T	E	Blinds	<input checked="" type="checkbox"/>	Stove/Oven	<input checked="" type="checkbox"/>
Heat	T	E	Carpet	<input checked="" type="checkbox"/>	Dishwasher	<input checked="" type="checkbox"/>
Water Heat	T	E	Ceiling Fan	<input type="checkbox"/>	Garbage Disposal	<input checked="" type="checkbox"/>
Cooking	T	E	Skylight	<input type="checkbox"/>	Microwave	<input checked="" type="checkbox"/>
Water	T		Storage Closet	<input type="checkbox"/>	Washer/Dryer	<input checked="" type="checkbox"/>
Sewer	T		Coat Closet	<input checked="" type="checkbox"/>	Washer/Dryer Hook-up	<input type="checkbox"/>
Trash	L		Walk-In Closet	<input checked="" type="checkbox"/>		
			Fireplace	<input type="checkbox"/>		
			Patio/Balcony	<input type="checkbox"/>		

Property Amenities:		Parking:	
Community Room	<input checked="" type="checkbox"/>	Surface Parking	<input checked="" type="checkbox"/>
Swimming Pool	<input checked="" type="checkbox"/>	Carport	<input type="checkbox"/>
Spa/Jacuzzi	<input type="checkbox"/>	Underground	<input type="checkbox"/>
Exercise Room	<input type="checkbox"/>	Detached Garage	<input type="checkbox"/>
Picnic Area	<input checked="" type="checkbox"/>	Attached Garage	<input type="checkbox"/>
Playground	<input type="checkbox"/>	Tuck-under Garage	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>	Parking Garage	<input type="checkbox"/>
Basketball Court	<input type="checkbox"/>		
Volleyball Court	<input type="checkbox"/>		
On-Site Manager	<input checked="" type="checkbox"/>		
Laundry Room	<input type="checkbox"/>		
Computer Room	<input type="checkbox"/>		
Business Center	<input type="checkbox"/>		
Car Wash Area	<input type="checkbox"/>		
Additional Services*	<input checked="" type="checkbox"/>		
Elevator ("Y"es or "N"o)	<input checked="" type="checkbox"/>		

*See Notes

Notes:

Management was unwilling to participate in the survey; therefore, rent and vacancy information was obtained from their website. Studio, one, and two-bedroom units range up in size to 796, 915, and 1,315 square feet, respectively. Studio, one, two, and three-bedroom units rent up to \$2,195, \$2,595, \$3,295, and \$3,995, respectively, based on floorplan and location. Additional amenities include a movie theater. The property was recently constructed and has an effective age consistent with the year built.

Comparable #5

Survey Date: 3/29/23

Property Name Presidio Apartments
 Street 3350 Rosecrans Street
 City, State San Diego, CA
 County San Diego
 Phone Number 833-692-0144
 Contact Name Leticia
 Type Multifamily
 ("Market"/"Low Income") Market
 Proximity 0.67 miles
 Structure Garden (3 Story)
 HCV Tenants Yes, 1 HH
 Yearly Turnover % 30%
 Leasing Pace 1 week
 Waiting List Yes, 3 HH's
 Concessions None
 Change in Rent N/A
 Year Built/Renovated 1987/2019
 Comp ID Number 13287

**Property Description:**

Bed/Bath	Area (SF)	Units	Rent	Concession (monthly)	Vacant Units	Vacancy Rate
Studio/1.0	274	85	\$1,615	\$0	2	2.4%
1/1.0	396	75	\$1,825	\$0	2	2.7%
Total Units		160			4	2.5%

Utilities:

	Who Pays Utility?	Gas/Electric G=Gas E=Electric
Other Electric	T	E
Heat	T	E
Water Heat	T	E
Cooking	T	E
Water	T	
Sewer	T	
Trash	L	

Unit Amenities:

	Wall
Central Heat/Cool	<input checked="" type="checkbox"/>
Blinds	<input checked="" type="checkbox"/>
Carpet	<input checked="" type="checkbox"/>
Ceiling Fan	<input type="checkbox"/>
Skylight	<input type="checkbox"/>
Storage Closet	<input type="checkbox"/>
Coat Closet	<input checked="" type="checkbox"/>
Walk-In Closet	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>
Patio/Balcony*	<input type="checkbox"/>

Appliances:

Refrigerator*	<input type="checkbox"/>
Stove/Oven*	<input type="checkbox"/>
Dishwasher	<input type="checkbox"/>
Garbage Disposal	<input type="checkbox"/>
Microwave*	<input type="checkbox"/>
Washer/Dryer	<input type="checkbox"/>
Washer/Dryer Hook-up	<input type="checkbox"/>

Property Amenities:

Community Room	<input type="checkbox"/>
Swimming Pool	<input checked="" type="checkbox"/>
Spa/Jacuzzi	<input checked="" type="checkbox"/>
Exercise Room	<input type="checkbox"/>
Picnic Area	<input checked="" type="checkbox"/>
Playground	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>
Basketball Court	<input type="checkbox"/>
Volleyball Court	<input type="checkbox"/>
On-Site Manager	<input checked="" type="checkbox"/>
Laundry Room	<input type="checkbox"/>
Computer Room	<input type="checkbox"/>
Business Center	<input type="checkbox"/>
Car Wash Area	<input type="checkbox"/>
Additional Services	<input type="checkbox"/>
Elevator ("Y"es or "N"o)	<input checked="" type="checkbox"/>

Parking:

Surface Parking*	<input type="checkbox"/>
Carport	<input type="checkbox"/>
Underground	<input type="checkbox"/>
Detached Garage	<input type="checkbox"/>
Attached Garage	<input type="checkbox"/>
Tuck-under Garage	<input type="checkbox"/>
Parking Garage	<input type="checkbox"/>

Security :

Gated/Controlled Access/Intercom	<input checked="" type="checkbox"/>
Courtesy Patrol	<input type="checkbox"/>
Surveillance Cameras	<input type="checkbox"/>

*See Notes

Notes:

Studio units without a refrigerator, stove, and microwave rent for \$1,400. Studio units with a refrigerator, stove, and microwave are reflected above. One-bedroom units include a refrigerator and microwave. Patio/balconies are available in select units. Surface parking spaces are available for \$50 per month. Management indicated the property was renovated in 2019. After reviewing interior photos of the property online, an effective age of 2005 has been determined.

Comparable #6

Survey Date: 2/1/23

Property Name Point Loma Bay Apartments
 Street 2440 Soto Street
 City, State San Diego, CA
 County San Diego
 Phone Number 619-224-1973
 Contact Name Alejandra
 Type Multifamily
 ("M"arket/"L"ow Income) Market
 Proximity 0.97 miles
 Structure Garden (2 Story)
 HCV Tenants Yes, 4 HH's
 Yearly Turnover % 15%
 Leasing Pace 2-3 weeks
 Waiting List None
 Concessions None
 Change in Rent Varies
 Year Built/Renovated 1978
 Comp ID Number 13288

**Property Description:**

Bed/Bath	Area (SF)	Units	Rent	Concession (monthly)	Vacant Units	Vacancy Rate
Studio/1.0	350	8	\$1,845	\$0	1	12.5%
1/1.0	550	44	\$2,145	\$0	0	0.0%
2/1.0	700	6	\$2,595	\$0	0	0.0%
2/2.0/TH	925	7	\$2,800	\$0	0	0.0%
Total Units		65			1	1.5%

Utilities:

	Who Pays Utility?	Gas/Electric G=Gas E=Electric
Other Electric	T	E
Heat	T	E
Water Heat	T	E
Cooking	T	E
Water	T	
Sewer	T	
Trash	L	

Unit Amenities:

Central Heat/Cool	<input checked="" type="checkbox"/>
Blinds	<input checked="" type="checkbox"/>
Carpet	<input checked="" type="checkbox"/>
Ceiling Fan	<input checked="" type="checkbox"/>
Skylight	<input type="checkbox"/>
Storage Closet	<input type="checkbox"/>
Coat Closet	<input checked="" type="checkbox"/>
Walk-In Closet	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>
Patio/Balcony	<input type="checkbox"/>

Appliances:

Refrigerator	<input checked="" type="checkbox"/>
Stove/Oven	<input checked="" type="checkbox"/>
Dishwasher	<input checked="" type="checkbox"/>
Garbage Disposal	<input type="checkbox"/>
Microwave	<input type="checkbox"/>
Washer/Dryer	<input type="checkbox"/>
Washer/Dryer Hook-up	<input type="checkbox"/>

Property Amenities:

Community Room	<input type="checkbox"/>
Swimming Pool	<input type="checkbox"/>
Spa/Jacuzzi	<input checked="" type="checkbox"/>
Exercise Room	<input type="checkbox"/>
Picnic Area	<input type="checkbox"/>
Playground	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>
Basketball Court	<input type="checkbox"/>
Volleyball Court	<input type="checkbox"/>
On-Site Manager	<input checked="" type="checkbox"/>
Laundry Room	<input checked="" type="checkbox"/>
Computer Room	<input type="checkbox"/>
Business Center	<input type="checkbox"/>
Car Wash Area	<input type="checkbox"/>
Additional Services*	<input checked="" type="checkbox"/>
Elevator ("Y"es or "N"o)	<input type="checkbox"/>

Parking:

Surface Parking	<input checked="" type="checkbox"/>
Carport	<input type="checkbox"/>
Underground	<input type="checkbox"/>
Detached Garage	<input type="checkbox"/>
Attached Garage	<input type="checkbox"/>
Tuck-under Garage	<input type="checkbox"/>
Parking Garage	<input type="checkbox"/>

Security :

Gated/Controlled Access/Intercom	<input type="checkbox"/>
Courtesy Patrol	<input type="checkbox"/>
Surveillance Cameras	<input type="checkbox"/>

*See Notes

Notes:

Additional services include a community garden. Management stated the property is updated on an as needed basis. After reviewing interior photos of the property online, an effective age of 1995 has been determined.

Rent Adjustment Table For Multifamily Projects		
Characteristics	Adjustment	Comment
	Base BR	
Elevator (Yes/No)	\$10	
Tenant Paid Utilities		
Electricity	From U.A.	Use amount from the utility allowance schedule
Heat	From U.A.	Use amount from the utility allowance schedule
Hot Water	From U.A.	Use amount from the utility allowance schedule
Cooking-Power	From U.A.	Use amount from the utility allowance schedule
TV	From U.A.	Use amount from the utility allowance schedule
Water/Sewer/Trash	From U.A.	Use amount from the utility allowance schedule
Sewer	From U.A.	Use amount from the utility allowance schedule
Trash	From U.A.	Use amount from the utility allowance schedule
Unit Amenities		
Central Heat/Cool	\$20	Central VS Wall \$10
Blinds	\$5	
Carpet	\$0	
Ceiling Fan	\$5	
Skylight/Vaulted Cielings	\$10	
Storage Closet	\$5	
Coat Closet	\$0	
Walk-In Closet	\$5	
Fireplace	\$5	
Patio/Balcony	\$5	
Appliances		
Refrigerator	\$20	
Stove/Oven	\$20	
Dishwasher	\$10	
Garbage Disposal	\$0	
Microwave	\$5	
Washer/Dryer	\$25	
Washer/Dryer Connection	\$15	
Parking/Transportation		
Surface Parking	\$25	Compare to off-site parking
Carport	\$50	
Underground Parking	\$100	
Detached Garage	\$100	
Attached Garage	\$100	
Tuck-Under Garage	\$50	
Parking Garage	\$100	
Project Amenities		
Clubhouse/Community Room	\$10	
Swimming Pool	\$10	
Spa/Jacuzzi	\$5	
Exercise Room	\$10	
Picnic Area	\$5	
Tot Lot/Playground	\$5	
Tennis Court	\$5	
Basketball Court	\$5	
Volleyball Court	\$5	
On-Site Manager	\$10	
Laundry Room	\$10	
Computer Room	\$10	
Business Center	\$10	
Car Wash Area	\$5	
Security		
Gated	\$5	
Courtesy Patrol	\$5	
Emergency Pull Cords	\$10	
Intercomm	\$5	
Surveillance Cameras	\$5	

Studio Market Rate Comparables							
Adjustments Matrix: MKT Studio		The Californian Apartments		Presidio Apartments		Point Loma Bay Apartments	
	Subject Highest Rent	3233 Kemper Street		3350 Rosecrans Street		2440 Soto Street	
		San Diego, CA		San Diego, CA		San Diego, CA	
Prepared by: Kinetic Valuation Group		619-736-1058		833-692-0144		619-224-1973	
	Char	Char	Adj	Char	Adj	Char	Adj
Type ("M"arket, "L"ow Income)	L	M		M		M	
Distance in Miles from Subject		0.18 miles		0.67 miles		0.97 miles	
Unit Size in SF	295	512		274		350	
Base Rent		\$2,100		\$1,615		\$1,845	
Value Ratio (\$/SF)		\$4.10		\$5.89		\$5.27	
# of stories	2	3		3		2	
Elevator ("Y"es or "N"o)	N	Y	(\$10)	Y	(\$10)	N	
# of Bedrooms	0	0		0		0	
# of Bathrooms	1	1		1		1	
Unit Size Adjustment	295	512	(\$223)	274	\$31	350	(\$72)
Rent Concessions		None		None		None	
Age (built or last renovated) Quality	1959 and renovated in 2011	2018	(\$90)	2005	(\$20)	1995	\$30
Location	Average	Similar		Similar		Similar	
Utilities Paid by Tenant							
Electricity	L	T	\$39	T	\$39	T	\$39
Heat ("G"as or "E"lectric)	L/E	T/E	\$23	T/E	\$23	T/E	\$23
Hot Water (G or E)	L/G	T/E	\$9	T/E	\$9	T/E	\$9
Cooking (G or E)	L/E	T/E	\$10	T/E	\$10	T/E	\$10
TV ("C"able or "S"atellite)	T	T		T		T	
Water	L	T	\$81	T	\$81	T	\$81
Sewer	L	T	\$57	T	\$57	T	\$57
Trash	L	L		L		L	
Unit Amenities							
Central Heat/Cool	Wall	□	\$10	Wall		✓	(\$10)
Blinds	✓	✓		✓		✓	
Carpet	□	✓	\$0	✓	\$0	✓	\$0
Ceiling Fan	□	□		□		✓	(\$5)
Skylight	□	□		□		□	
Storage Closet	□	□		□		□	
Coat Closet	✓	✓		✓		✓	
Walk-In Closet	□	✓	(\$5)	□		□	
Fireplace	□	□		□		□	
Patio/Balcony	□	□		□		□	
Appliances							
Refrigerator		✓	(\$20)	□		✓	(\$20)
Stove/Oven		✓	(\$20)	□		✓	(\$20)
Dishwasher	□	✓	(\$10)	□		✓	(\$10)
Garbage Disposal	□	✓	\$0	□		□	
Microwave	✓	✓		□	\$5	□	\$5
Washer/Dryer	□	✓	(\$25)	□		□	
Washer/Dryer Hook-ups	□	□		□		□	
Parking/Transportation							
Surface Parking	✓	✓		□	\$25	✓	
Carport	□	□		□		□	
Underground Parking	□	□		□		□	
Detached Garage	□	□		□		□	
Attached Garage	□	□		□		□	
Tuck-under Garage	□	□		□		□	
Parking Garage	□	□		□		□	
Project Amenities							
Clubhouse/Community Room	□	✓	(\$10)	□		□	
Swimming Pool	□	✓	(\$10)	✓	(\$10)	□	
Spa/Jacuzzi	□	□		✓	(\$5)	✓	(\$5)
Exercise Room	□	□		□		□	
Picnic Area	□	✓	(\$5)	✓	(\$5)	□	
Tot Lot/Playground	□	□		□		□	
Tennis Court	□	□		□		□	
Basketball Court	□	□		□		□	
Volleyball Court	□	□		□		□	
On Site Manager	✓	✓		✓		✓	
Laundry Room	✓	□	\$10	□	\$10	✓	
Computer Room	□	□		□		□	
Business Center	□	□		□		□	
Car Wash Area	□	□		□		□	
Additional Services	□	✓	\$0	□	\$0	✓	\$0
Security							
Gated	□	□		✓	(\$5)	□	
Courtesy Patrol	□	□		□		□	
Surveillance Camera	□	□		□		□	
Adjusted Rent			\$1,911		\$1,850		\$1,957
Minimum	\$1,850						
Maximum	\$1,957						
Average	\$1,906						
Concluded Rent	\$1,900						

Pairing Sale 1 Adjustment Grid Existing Hotel Sales																
Sale No. 1			Sale No. 2			Sale No. 3			Sale No. 4			Sale No. 5				
Days Inn Suites 7475 El Cajon Boulevard San Diego, CA 91942			Rodeway Inn & Suites 372 Broadway Chula Vista, CA 92101			Rodeway Inn San Diego 5399 Adobe Falls Road San Diego, CA 92120			American Best Value Inn Loma Lodge 3202 Rosecrans Avenue San Diego, CA 92110			La Quinta Inn 150 Bonita Road Chula Vista, CA 91910				
Total Sale Price		\$8,350,000			\$2,400,000			\$8,380,000			\$4,900,000			\$24,992,000		
Price Per Room		\$208,750			\$109,091			\$133,016			\$113,953			\$176,000		
Comparison		Adjustment	Comparison		Adjustment	Comparison		Adjustment	Comparison		Adjustment	Comparison		Adjustment		
Property Rights Conveyed		Fee Simple	Fee Simple			Fee Simple			Fee Simple			Fee Simple				
			\$208,750		\$109,091			\$133,016			\$113,953			\$176,000		
Financing Terms		Cash Equivalent	Cash Equivalent			Cash Equivalent			Cash Equivalent			Cash Equivalent				
Adjusted \$Room			\$208,750		\$109,091			\$133,016			\$113,953			\$176,000		
Condition of Sale		Market	Market			Market			Market			Market				
Adjusted \$/DU			\$208,750		\$109,091			\$133,016			\$113,953			\$176,000		
Expenditures made immediately after purchase		None	None			None			None			None				
Adjusted \$Room			\$208,750		\$109,091			\$133,016			\$113,953			\$176,000		
Date of Sale		Apr-23	0.00%	Sep-20	10.00%	Aug-22			Sep-20		10.00%	Aug-22				
Adjusted \$Room			\$208,750		\$120,000			\$133,016			\$125,349			\$176,000		
Physical Characteristic		Comparison	Adjustment	Comparison		Adjustment	Comparison		Adjustment	Comparison		Adjustment	Comparison		Adjustment	
Location		Average		SI Superior		-10.00%	Superior		-15.00%	SI Superior		-10.00%	Inferior		5.00%	
No. of Units		40		22			63			43			142			
Design & Appeal		2 Story		2 Story			2 Story			2 Story			3 Story			
Effective Age/Condition		1982/2018		1960		24.00%	1973		17.50%	1961		23.50%	1986/2012		3.00%	
Parking		Surface		Surface			Surface			Surface			Surface			
Miscellaneous		Use Premium		None			None			None			None			
Amenities		Average		Average			Average			Average			Average			
Total Percentage Adjustment			0.00%				14.00%				2.50%				13.50%	8.00%
Adjusted Price Per Room			\$208,750				\$136,800				\$136,341				\$142,271	\$190,080
							-53%				-53%				-47%	-10%

ADDENDUM C

Legal Description & Title Report



Issuing Policies of Chicago Title Insurance Company

ORDER NO.: **00178063-004-RL1-CFU**

Main Office Line: **(619) 233-3000**

Chicago Title Company
2365 Northside Drive, Suite 600
San Diego, CA 92108
ATTN: Marshall-Lamphiere
Email: MARSHALLUNIT@CTT.COM

Title Officer: Ken Cyr & Mark Franklin
Title Officer Phone: (619) 521-3673
Title Officer Fax: (619) 521-3608
Title Officer Email: TeamCyrFranklin@ctt.com

PROPERTY: **3737-3747 MIDWAY DRIVE, SAN DIEGO, CA**

FIRST AMENDED PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Chicago Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Florida corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.


It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

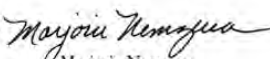
Chicago Title Company

By: 

Authorized Signature



By: 
Michael J. Nolan
President

ATTEST: 
Marjorie Nemzura
Secretary



PRELIMINARY REPORT

EFFECTIVE DATE: **July 22, 2022 at 7:30 a.m.**

ORDER NO.: 00178063-004-RL1-CFU

The form of policy or policies of title insurance contemplated by this report is:

ALTA Standard Owner's Policy (6-17-06)
ALTA Extended Loan Policy (6-17-06)
ALTA Standard Loan Policy (6-17-06)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee as to Parcel(s) 1 and 2
Easement(s) more fully described below as to Parcel(s) 3

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS [VESTED IN:](#)

ANJALI ENTERPRISE LLC., a Washington limited liability company

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

ALL THOSE PORTIONS OF PUEBLO LOT 220, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP OF PUEBLO LANDS OF SAN DIEGO BY JAMES PASCOE IN 1870 DEFINED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PUEBLO LOT 220; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 35.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 860.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 36°15'35" WEST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 235.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 85.00 FEET; THENCE NORTH 36°15'35" EAST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT; THENCE SOUTH 53°49'30" EAST ALONG SAID PARALLEL LINE, 85.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

ALL THOSE PORTIONS OF PUEBLO LOT 220, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF OF PUEBLO LANDS OF SAN DIEGO BY JAMES PASCOE IN 1870, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PUEBLO LOT 220; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 35.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 760.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 36°15'35" WEST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 235.00 FEET SOUTHEASTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 100.00 FEET; THENCE NORTH 36°15'35" EAST, ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET TO A POINT ON THE LINE THAT IS PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT; THENCE SOUTH 35°49'30" EAST ALONG SAID PARALLEL LINE, 100.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3:

AN EASEMENT AND RIGHT OF WAY FOR SEWER PIPE LINES AND APPURTENANCES THERETO OVER THAT PORTION OF LOT 1 OF BAYVIEW DRIVE IN THEATRE TRACT, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO [MAP NO. 3465](#), FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND.

BEGINNING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF THE 10.00 FOOT SEWER EASEMENT WITH THE NORTHEASTERLY LINE OF SAID LOT 1, AS SHOWN ON SAID [MAP NO. 3465](#); THENCE NORTH 53°51'40" WEST, 16.78 FEET TO AN ANGLE POINT IN SAID BOUNDARY LINE OF SAID LOT 1; THENCE ALONG SAID BOUNDARY LINE, SOUTH 36°14' WEST 200.00 FEET TO ANGLE POINT

EXHIBIT A
(Continued)

THEREIN; THENCE SOUTH 53°51'40" EAST 30.00 FEET, MORE OR LESS, TO A POINT IN SAID CENTER LINE OF THE 10.00 FOOT SEWER EASEMENT AS SHOWN ON SAID [MAP NO. 3465](#); THENCE NORTH 32°20'30" EAST ALONG SAID CENTER LINE TO THE POINT OF BEGINNING.

APN: **441-250-22-00**

EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2022-2023.
- B. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
1. Easement(s) or right(s) of way for the purpose(s) shown below and rights incidental thereto, as granted and/or reserved in various deeds of record:
- Purpose: Ingress and egress, pipelines, drainage and/or public utilities and incidental purposes thereto over, under, along and across the easement parcel(s) herein described
- Affects: Parcel 3
2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: City of San Diego
- Purpose: public sewer
- Recording Date: March 26, 1954
- Recording No: in [Book 5185, Page 333](#) Official Records
- Affects: A portion of the Land described herein.
- Affects: Parcel 2
3. Matters contained in that certain document
- Entitled: Memorandum of Instrument
- Recording Date: March 29, 1988
- Recording No: as [Instrument No. 1988-141921 Official Records](#)
- Reference is hereby made to said document for full particulars.
4. Matters contained in that certain document
- Entitled: Resolution R-279245
- Recording Date: January 13, 1992
- Recording No: as [Instrument No. 1992-0018016 Official Records](#)
- Reference is hereby made to said document for full particulars.
5. Matters contained in that certain document
- Entitled: Encroachment Removal Agreement
- Recording Date: April 27, 1992
- Recording No: as [Instrument No. 1992-0244616 Official Records](#)
- Reference is hereby made to said document for full particulars.

EXCEPTIONS (Continued)

6. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$3,200,000.00
Dated: February 12, 2018
Trustor/Grantor: Shiva J Holding LLC, a California limited liability company
Trustee: Chicago Title Insurance Company, a Florida corporation
Beneficiary: Standard Insurance Company, an Oregon corporation
Recording Date: April 02, 2018
Recording No: as [Instrument No. 2018-0127455 Official Records](#)

A partial assignment of the beneficial interest under said trust deed

From: Standard Insurance Company, an Oregon corporation
To: Liberty Life Assurance Company of Boston, a New Hampshire stock life insurance company (9.6%), Pacific Guardian Life Insurance Company, LTD, a Hawaii corporation (20%), PL Mortgage Fund, LLC, a Delaware limited liability company (22.6%)
Recording Date: June 22, 2018
Recording No: as [Instrument No. 2018-0255946 Official Records](#)

An agreement to modify the terms and provisions of said deed of trust as therein provided

Executed by: Shiva J Holding LLC, a California limited liability company, Amit Patel, individually and Anup Patel, individually, Noble 1031, LLC, a California limited liability company, Anjali Enterprise LLC, a Washington limited liability company, K & A Motels, a Washington general partnership, Kishor V. Mungra, individually, Anjana K. Mungra, individually, Standard Insurance Company, an Oregon corporation, Liberty Life Assurance Company of Boston, a New Hampshire stock life insurance company, Pacific Guardian Life Insurance Company, Ltd, a Hawaii corporation and PL Mortgage Fund, LLC, a Delaware limited liability company
Recording Date: August 26, 2019
Recording No: as [Instrument No. 2019-0364091 Official Records](#)

7. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown as item no. 6

Assigned to: Standard Insurance Company, an Oregon corporation
Recording Date: April 02, 2018
Recording No: as [Instrument No. 2018-0127456 Official Records](#)

8. Intentionally omitted

9. Water rights, claims or title to water, whether or not disclosed by the public records.

10. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

**EXCEPTIONS
(Continued)**

11. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

**PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH
FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

END OF EXCEPTIONS

REQUIREMENTS SECTION

1. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Anjali Enterprise LLC., a Washington limited liability company

- a) A copy of its operating agreement, if any, and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps.
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member.
- d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity is currently domiciled.
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.
- f) If Limited Liability Company is a Single Member Entity, a Statement of Information for the Single Member will be required.
- g) Each member and manager of the LLC without an Operating Agreement must execute in the presence of a notary public the Certificate of California LLC (Without an Operating Agreement) Status and Authority form.

END OF REQUIREMENTS

INFORMATIONAL NOTES SECTION

1. Note: Property taxes, including any personal property taxes and any assessments collected with taxes, are paid. For proration purposes the amounts were:

Tax Identification No.: 441-250-22-00
Fiscal Year: 2021-2022
1st Installment: \$38,350.45
2nd Installment: \$38,350.45
Exemption: \$0.00
Code Area: 08001
2. None of the items shown in this report will cause the Company to decline to attach ALTA Endorsement Form 9 to an Extended Coverage Loan Policy, when issued.
3. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Commercial properties, known as 3737-3747 Midway Drive, located within the city of San Diego, California, , to an Extended Coverage Loan Policy.
4. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
5. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
6. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.
7. The following Exclusion(s) are added to preliminary reports, commitments and will be included as an endorsement in the following policies:
 - A. 2006 ALTA Owner's Policy (06-17-06).
 6. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - B. 2006 ALTA Loan Policy (06-17-06).
 8. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 9. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
 - C. ALTA Homeowner's Policy of Title Insurance (12-02-13) and CLTA Homeowner's Policy of Title Insurance (12-02-13).

**INFORMATIONAL NOTES
(Continued)**

- 10. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
- D. ALTA Expanded Coverage Residential Loan Policy - Assessments Priority (04-02-15).
 - 12. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - 13. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- E. CLTA Standard Coverage Policy 1990 (11-09-18).
 - 7. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the public records but that would be disclosed by an examination of any records maintained by or on behalf of a tribe or on behalf of its members.
 - 8. Any claim of invalidity, unenforceability, or lack of priority of the lien of the insured mortgage based on the application of a tribe's law resulting from the failure of the insured mortgage to specify state law as the governing law with respect to the lien of the insured mortgage.

END OF INFORMATIONAL NOTES

Ken Cyr & Mark Franklin/aag

Wire Fraud Alert

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. **DO NOT** use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the phone number of relevant parties to the transaction as soon as an escrow account is opened.** **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do **NOT** reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>



Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Company

CTC – Chicago Title company
CLTC – Commonwealth Land Title Company
FNTC – Fidelity National Title Company of California
FNTCCA - Fidelity National Title Company of California
TICOR – Ticor Title Company of California
LTC – Lawyer's Title Company
SLTC – ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC – Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Company
FNTIC – Fidelity National Title Insurance Company
FNTIC - Fidelity National Title Insurance Company
CTIC – Chicago Title Insurance Company
CLTIC – Commonwealth Land Title Insurance Company
CTIC – Chicago Title Insurance Company

Available Discounts

DISASTER LOANS (CTIC, CLTIC, FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (24) months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be fifty percent (50%) of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

FIDELITY NATIONAL FINANCIAL, INC. PRIVACY NOTICE

Effective August 1, 2021

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary's website and this Privacy Notice does not apply.

Collection of Personal Information

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g. Social Security Number, driver's license, passport, or other government ID number);
- financial account information (e.g. loan or bank account information); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

Collection of Browsing Information

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for three main purposes:

- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates', and others' products and services, jointly or independently.

When Information Is Disclosed

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;

- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law. We may share your Personal Information with affiliates (other companies owned by FNF) to directly market to you. Please see "Choices with Your Information" to learn how to restrict that sharing.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

Choices With Your Information

If you do not want FNF to share your information among our affiliates to directly market to you, you may send an "opt out" request as directed at the end of this Privacy Notice. We do not share your Personal Information with nonaffiliates for their use to direct market to you without your consent.

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (<https://fnf.com/pages/californiaprivacy.aspx>) or call (888) 413-1748.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 714-2710 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children

The FNF Websites are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except as required or authorized by contract with the mortgage loan servicer or lender, or as required by law or in the good-faith belief that such disclosure is necessary: to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

Accessing and Correcting Information; Contact Us

If you have questions, would like to correct your Personal Information, or want to opt-out of information sharing for affiliate marketing, visit FNF's [Opt Out Page](#) or contact us by phone at (888) 714-2710 or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue,
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

ATTACHMENT ONE (Revised 05-06-16)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;

- c. that result in no loss to You; or
- d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
- 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
- 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
- The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

{Except as provided in Schedule B - Part II, { t{or T}his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

{PART I

{The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.}

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:}

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

{The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records. }
7. {Variable exceptions such as taxes, easements, CC&R's, etc. shown here.}

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY – ASSESSMENTS PRIORITY (04-02-15)

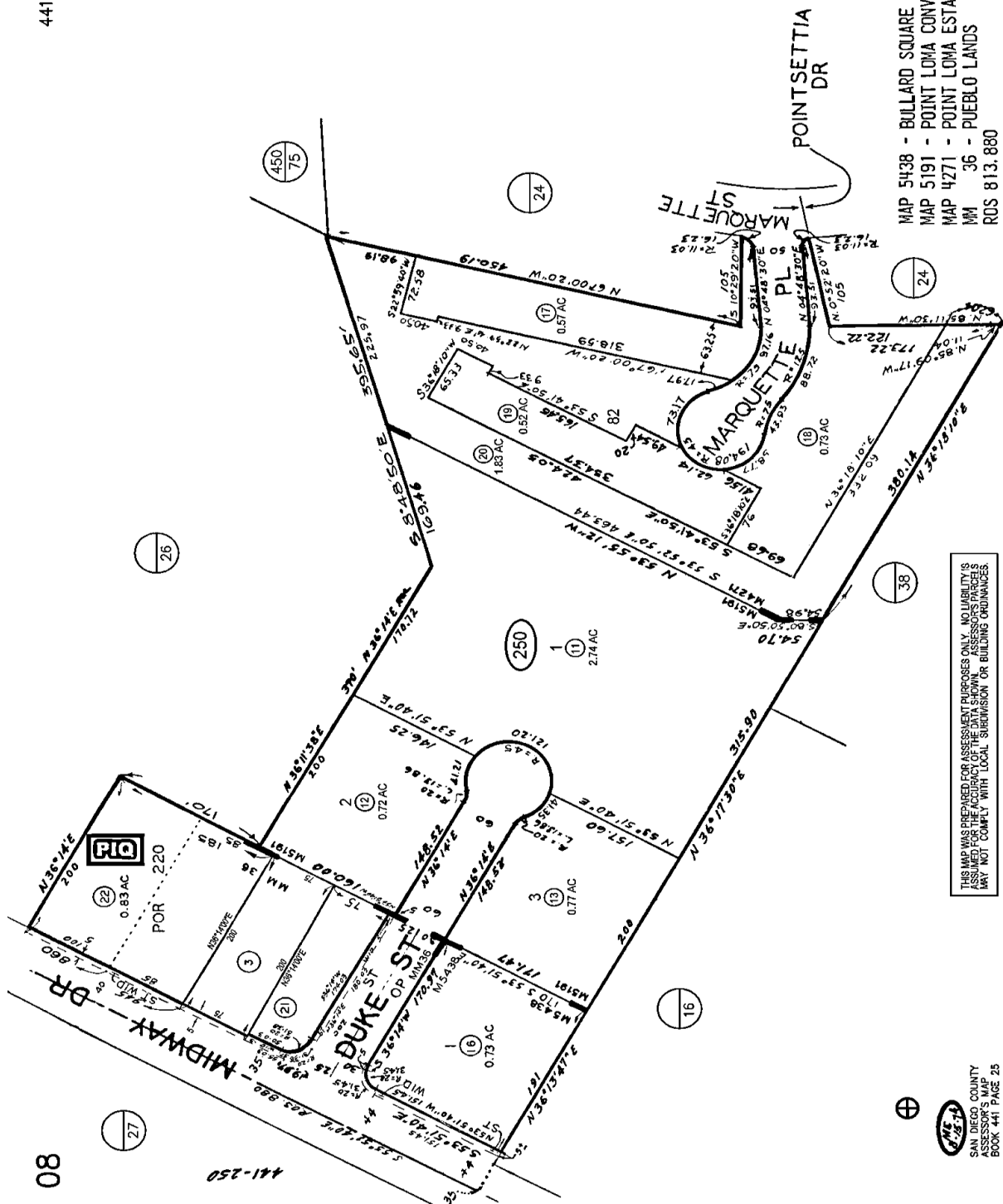
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

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CHANGES		BLK OLD NEW		CUT	
250	10	37	10	1796	
		22	22	50	1934
144	05	37	10	1796	
		22	22	50	1934
22	22	37	10	1796	
		22	22	50	1934
21	21	37	10	1796	
		22	22	50	1934
3	3	37	10	1796	
		22	22	50	1934



MAP 5438 - BULLARD SQUARE
MAP 5191 - POINT LOMA CONVALESCENT TRACT
MAP 4271 - POINT LOMA ESTATES UNIT NO. 3
MM 36 - PUEBLO LANDS
ROS 813.880

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

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8/15/76

SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 441 PAGE 25

This map/plot is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

ADDENDUM D

Qualifications of Consultants

Qualifications of Partners & Key Personnel

STATEMENT OF PROFESSIONAL QUALIFICATIONS JAY A. WORTMANN, MAI

ASSOCIATION MEMBERSHIPS

Member of the Appraisal Institute with the MAI Designation, No. 519881

STATE CERTIFICATIONS

State of California Certified General Real Estate Appraiser (3001293)
State of Hawaii Certified General Real Estate Appraiser (CGA 1146)
State of Iowa Certified General Real Estate Appraiser (CG03319)
State of Minnesota Certified General Real Estate Appraiser (40392083)
State of Missouri Certified General Real Estate Appraiser (2013040219)
State of Nebraska Certified General Real Estate Appraiser (CG2014002)
State of New Mexico Certified General Real Estate Appraiser (03455-G)
State of Oklahoma Certified General Real Estate Appraiser (13111CGA)
State of Texas Certified General Real Estate Appraiser (TX 1380393 G)

EDUCATION

University of Nebraska, **Bachelor of Science** in Business Administration with an emphasis in Finance and Management, 2004

All educational requirements successfully completed for the Appraisal Institute MAI designation.

Consortium Institute of Management and Business Analysis (CIMBA) Undergraduate Program, Spring Semester 2004, Paderno del Grappa, Italy

EXPERIENCE

06/2018 to Present Kinetic Valuation Group, President
10/2015 to 06/2018 Lea & Company, President
01/2007 to 10/2015 Lea & Company, Director Midwest Offices
11/2006 to 5/2008 Assumption-Guadalupe Catholic School - South Omaha CORE Development Director
06/2004 to 10/2006 Novogradac & Company LLP, Real Estate Analyst

PROFESSIONAL TRAINING

Appraisal Courses Completed:

- Basic Appraisal Procedures 10/2008
- Basic Appraisal Principles 12/2008
- Income Approach Part I 07/2010
- Income Approach Part II 08/2010
- General Appraiser Sales Comparison Approach 04/2011
- Market Analysis & Highest & Best Use 05/2011
- Real Estate Finance Statistics and Valuation Modeling 08/2011
- Advanced Income Capitalization 09/2011
- General Appraiser Site Valuation & Cost Approach 10/2011
- General Appraiser Report Writing and Case Studies 12/2011
- National USPAP 15-Hour Course 01/2012
- Nebraska National Appraiser Examination 04/2012
- Advanced Concepts & Case Studies 11/2013
- MAI Comprehensive Exam Module II, III, & IV 04/2014

- MAI Comprehensive Exam Module I 11/2014
- MAI General Demonstration Report-Capstone Program – 11/2014

REAL ESTATE ASSIGNMENTS

A representative sample of various types of projects involved with includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation.
- Prepare appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Prepare appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies for projects under the HUD Multifamily Accelerated Processing program.
- Prepare appraisals of proposed new construction properties under the HUD Multifamily Accelerated Processing program.
- Prepare Rent Comparability Studies for expiring Section 8 HAP contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

Work assignments completed in various states include:

Arizona	Missouri
Arkansas	Montana
California	Nebraska
Colorado	New Mexico
Hawaii	North Dakota
Idaho	Pennsylvania
Indiana	Oklahoma
Iowa	Texas
Kansas	Utah
Michigan	Washington
Minnesota	Wisconsin
Mississippi	Wyoming

STATEMENT OF PROFESSIONAL QUALIFICATIONS

AMANDA M. BAKER, MAI

I. Professional Affiliation

Member of the Appraisal Institute with the MAI Designation, No. 511086

II. State Certifications

State of Arizona Certified General Real Estate Appraiser (32065)
State of California Certified General Real Estate Appraiser (3002360)
State of Colorado Certified General Real Estate Appraiser (CG.200000747)
State of Kansas Certified General Real Property Appraiser (G-2960)
State of Missouri Certified General Real Estate Appraiser (2014021680)
State of Nebraska Certified General Real Property Appraiser (CG2016006R)
State of Nevada Certified General Real Estate Appraiser (A.0207150-CG)
State of Washington Certified General Real Estate Appraiser (1102380)

III. Education

University of Nebraska-Omaha, **Bachelor of Science** in Business Administration
-Specialization in Real Estate and Land Use Economics
-Specialization in Marketing
-Secondary Specialization in Economics

IV. Professional Experience

-Vice President-Kinetic Valuation Group, June 2018-Present
-Manager-Lea & Company, November 2011-June 2018
-Senior Real Estate Analyst, Novogradac & Company LLP, April 2005–October 2011

V. Professional Training

-MAI General Demonstration Report-Capstone Program July 2016
-2016-2017 National USPAP Update March 2016
-MAI Comprehensive Exam August 2015
-Advanced Market Analysis and Highest & Best Use May 2015
-Advanced Income Capitalization October 2014
-Quantitative Analysis June 2014
-Advanced Concepts & Case Studies May 2014

VI. Real Estate Assignments

A representative sample of Due Diligence and Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation.
- Prepare appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.

- Prepare appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies for projects under the HUD Multifamily Accelerated Processing program.
- Prepare appraisals of proposed new construction properties under the HUD Multifamily Accelerated Processing program.
- Prepare Rent Comparability Studies for expiring Section 8 HAP contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

BYRON N. LEA, MAI

ASSOCIATION MEMBERSHIPS

Member of the Appraisal Institute with the MAI Designation, No. 10374

STATE CERTIFICATIONS

State of Colorado Certified General Appraiser (CG40039600)

State of California Certified General Appraiser (AG-008505)

EDUCATION

California State University Sacramento, Bachelor of Science in Business Administration, 1985

All educational requirements successfully completed for the Appraisal Institute MAI designation and 100-hour/five year continuing education cycles.

EXPERIENCE

06/2018 to Present	Consultant to Kinetic Valuation Group
10/2015 to 06/2018	Founder and Consultant to Lea & Company
8/2006/ to 10/2015	Re-establishment of Lea & Company, President of Firm. Commercial Valuation and Consulting Services within the Affordable Housing Industry.
8/2000 to 8/2006	Novogradac & Company LLP, Partner, established the Kansas City and Los Angeles Valuation Group offices.
7/94 to 8/2000	Relocated to Kansas City, Senior Appraiser, Nunnink & Associates, Inc., which transformed into Integra Realty Resources. Performed narrative appraisals and review of appraisals.
8/88 - 7/94	Commercial Fee Appraiser, Lea & Associates, Sacramento, California Principal of firm. Performed narrative appraisals on fee basis.
8/86 - 5/88	Commercial Appraiser, Urban Pacific Services, Newport Beach, California Performed narrative appraisals.
1/86 - 8/86	Commercial Appraiser, Bank of America, Orange County, California Staff commercial appraiser.
4/85 - 9/85	Financial Analyst, Financial Investment Advisors Associates (FIA), Inc., Sacramento, California. Financial analysis of multi-million dollar institutional grade real estate.

REPRESENTATIVE SAMPLE OF ASSIGNMENTS

- On a national basis, conduct market studies and appraisals for proposed Low-Income Housing Tax Credit properties.
- On a national basis, conduct market studies and appraisals for preservation of affordable housing properties involving USDA and HUD programs, oftentimes with renovation using Low-Income Housing Tax Credits and/or Historic Tax Credits. Programs include USDA 515 and 538, and HUD 221D4, 236, and MAP.
- Rent Comparability Studies of apartment properties for HUD programs nationally.
- Team member in the valuation of a U.S. Air Force Base closure located in Northern California.
- Rockhurst College, a Jesuit University located in Kansas City, Missouri.
- Student housing portfolios located in West Lafayette, Indiana, home of Purdue University.
- Fair Rental Market Analysis for General Services Agency consisting of a Federal Courthouse located in Kansas City, Kansas, Bannister Federal Complex, and Federal properties located in Leavenworth and Topeka, Kansas and Independence, Missouri.
- Industrial portfolio valuation of properties located throughout the United States.
- Residential subdivisions located in California and Midwest.
- Regional Malls located in California.

- Convenience Store properties located throughout the Midwest.
- Proposed Mixed Use Entertainment Center with Megaplex theaters and restaurant.
- Megaplex and Multiplex movie theaters.
- Proposed truck terminal facilities located in Kansas and Missouri.
- Bulk liquids transfer terminal located in Kansas.
- Assisted living and nursing home properties located in Kansas, Missouri, Alabama, and Mississippi.
- Institutional grade investment properties located throughout the United States.
- Portfolio valuation for Small Business Administration of properties located in California.
- Work assignments completed in various states include:

Alabama	Montana
Arizona	Nebraska
Arkansas	Nevada
California	New Mexico
Colorado	North Dakota
Hawaii	Ohio
Idaho	Oklahoma
Iowa	Oregon
Illinois	Pennsylvania
Indiana	South Dakota
Kansas	Tennessee
Louisiana	Texas
Michigan	Utah
Minnesota	Washington
Mississippi	Wisconsin
Missouri	Wyoming

STATEMENT OF PROFESSIONAL QUALIFICATIONS
CHARLES K. HAASE

STATE CERTIFICATIONS

State of California Certified General Real Estate Appraiser (3004234)
State of Ohio Certified General Real Estate Appraiser (2017003033)
State of Utah Certified General Real Estate Appraiser (10536692-CG00)
State of Oklahoma Certified General Real Estate Appraiser (13344CGA)

EDUCATION

University of Nebraska Omaha, **Bachelor of Arts** in International Studies
- Specialization in Global Strategic Studies.

EXPERIENCE

06/2018 to Present - Kinetic Valuation Group, Certified General Real Estate Appraiser

10/2011 to 06/2018 - Lea & Company, Certified General Real Estate Appraiser

06/2009 to 10/2011 - Nebraska Title Company – Escrow Closer/Title Agent/Searcher

PROFESSIONAL TRAINING

Certified General Real Property Appraisal Courses Completed:

- | | |
|---|---------|
| • Basic Appraisal Procedures | 05/2012 |
| • Basic Appraisal Principles | 10/2012 |
| • Statistics, Modeling, and Finance | 05/2013 |
| • General Site Valuation and Cost Approach | 07/2013 |
| • General Sales Comparison Approach | 08/2013 |
| • General Appraiser Income Approach Part I | 04/2014 |
| • General Appraiser Market Analysis
and Highest & Best Use | 08/2014 |
| • General Appraiser Report Writing and Case Studies | 10/2014 |
| • National USPAP 15-Hour Course | 11/2014 |
| • Business Practice and Ethics | 8/2015 |
| • General Appraiser Income Approach Part II | 9/2015 |
| • Advanced Income Capitalization | 10/2015 |

REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence and Valuation Engagements includes:

- On a national basis, assisted with market studies and appraisals for proposed Low-Income Housing Tax Credit properties. Includes property screenings, market and demographic analysis, comparable rent surveys, and supply and demand analysis.
- On a national basis, prepare market studies and appraisals consulting services for preservation of affordable housing properties involving USDA and HUD programs, oftentimes with renovation using Low-Income Housing Tax Credits and/or Historic Tax Credits. Programs include Rental Assistance Demonstration (RAD) Program, USDA 515 and 538, and HUD 221D4, 236, and MAP.

- Prepare market studies for proposed new construction, conversion, and existing Low-Income Housing Tax Credit developments for family and age-restricted populations.
- Prepare appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties and Section 8 Mark-to-Market properties. Assistance includes rent comparability studies, determination of market rents and market analysis.
- Conduct Rent Comparability Studies for expiring Section 8 HAP contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

Work assignments completed in various states include:

Arizona	Nebraska
Arkansas	New Mexico
California	New York
Colorado	North Dakota
Florida	Ohio
Hawaii	Oklahoma
Iowa	Oregon
Kansas	Pennsylvania
Michigan	Texas
Missouri	Utah
Minnesota	West Virginia
Montana	Washington
Nevada	Wisconsin
	Wyoming

STATEMENT OF PROFESSIONAL QUALIFICATIONS

BRENT R. GRIFFITHS

STATE CERTIFICATIONS

State of Arkansas Certified General Real Estate Appraiser (CG-4379)

State of California Certified General Real Estate Appraiser (3004361)

State of Minnesota Certified General Real Estate Appraiser (40524536)

State of Montana Certified General Real Estate Appraiser (REA-RAG-LIC-9586)

EDUCATION

University of Nebraska-Lincoln, Bachelor of Science in Business Administration with an emphasis in Finance and Management

EXPERIENCE

06/2018 to Present: Kinetic Valuation Group, Certified General Real Estate Appraiser

03/2013 to 06/2018: Lea & Company, Senior Analyst

08/2011 to 03/2013: Pinnacle Bank, Real Estate Loan Assistant

04/2010 to 08/2011: Pinnacle Bank, Customer Service Representative

PROFESSIONAL TRAINING

Certified General Real Property Appraisal Courses Completed:

• Basic Appraisal Procedures	05/2013
• National USPAP 15-Hour Course	06/2013
• Basic Appraisal Principles	09/2013
• Real Estate Finance, Statistics, and Valuation Modeling	09/2013
• General Appraiser Report Writing and Case Studies	12/2013
• General Appraiser Sales Comparison Approach	04/2014
• General Appraiser Income Approach/Part 1	07/2014
• General Appraiser Market Analysis and Highest & Best Use	08/2014
• General Appraiser Income Approach/Part 2	12/2014
• General Appraiser Site Valuation and Cost Approach	10/2015
• Advanced Income Capitalization	09/2016
• Advanced Concepts & Case Studies	9/2018

REAL ESTATE ASSIGNMENTS

A representative sample of types of projects involved with includes:

- On a national basis, prepare market studies and appraisals consulting services for proposed Low-Income Housing Tax Credit properties.
- On a national basis, prepare market studies and appraisals consulting services for preservation of affordable housing properties involving USDA and HUD programs, oftentimes with renovation using Low-Income Housing Tax Credits and/or Historic Tax Credits. Programs include Rental Assistance Demonstration (RAD) Program, USDA 515 and 538, and HUD 221D4, 236, and MAP.
- Prepare market studies for proposed new construction, conversion, and existing Low-Income Housing Tax Credit developments for special needs and age-restricted populations.
- Prepare appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, Rental Assistance Demonstration (RAD) Program, and HUD Map Section 221D4 and 223f properties.
- Conduct rent comparable studies for properties encumbered by Section 8 contracts.

Work assignments completed in the following states:

- Alabama
- Arizona
- Arkansas
- California
- Colorado
- Florida
- Hawaii
- Illinois
- Indiana
- Iowa
- Kansas
- Louisiana
- Minnesota
- Missouri
- Montana
- Nebraska
- Nevada
- New Jersey
- New Mexico
- North Carolina
- North Dakota
- Oklahoma
- Oregon
- Rhode Island
- South Dakota
- Tennessee
- Texas
- Utah
- Washington
- Wyoming

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Sarah L Hauxwell

EDUCATION

University of Nebraska- Omaha, **Bachelor of Science** in Business Administration with a minor in Real Estate & Land Use, 2016

EXPERIENCE

06/2018 to Present: Kinetic Valuation Group, Real Estate Analyst

11/2016 to 06/2018: Lea & Company, Real Estate Analyst

PROFESSIONAL TRAINING

Certified General Real Property Appraisal Courses Completed:

- Basic Appraisal Procedures 10/2017
- Basic Appraisal Principles 8/2017
- National USPAP 15-Hour Course 12/10/2017

REAL ESTATE ASSIGNMENTS

A representative sample of types of projects involved with includes:

- On a national basis, assisted with market studies and appraisals for proposed Low-Income Housing Tax Credit properties. Includes property screenings, market and demographic analysis, comparable rent surveys, and supply and demand analysis.
- On a national basis, assisted with market studies and appraisals for preservation of affordable housing properties involving USDA and HUD programs, oftentimes with renovation using Low-Income Housing Tax Credits and/or Historic Tax Credits. Programs include USDA 515 and 538.
- Prepare market studies for proposed new construction, conversion, and existing Low-Income Housing Tax Credit developments for family, senior, and assisted-living senior populations.
- Assist with appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties and Section 8 Mark-to-Market properties. Assistance includes rent comparability studies, determination of market rents and market analysis.
- Conduct rent comparable studies for properties encumbered by Section 8 contracts. Research included analysis of comparable properties and market analysis.

Work assignments completed in the following states:

Arizona	Nebraska
Arkansas	New York
California	Ohio
Colorado	Oklahoma
Hawaii	Utah
Iowa	West Virginia
Kansas	Washington
Missouri	
Minnesota	

Certificate of Professional Designation

This certificate verifies that

Jay A Wortmann
Kinetic Valuation Group

*Has completed NCHMA's Professional Designation Requirements
and is hence an approved member in good standing of:*



National Council of Housing Market Analysts
1400 16th St. NW
Suite 420
Washington, DC 20036
202-939-1750

Membership Term
1/1/2023 to 12/31/2023



Kaitlyn Snyder
Managing Director, NCHMA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833

P.O. Box 952054

Sacramento, CA 94252-2054

(916) 263-2771

www.hcd.ca.gov**HOMEKEY 3.0 – APPRAISAL GUIDELINES**

1. Appraisal reports shall be prepared and signed by an appropriately California-licensed Certified General Real Estate Appraiser in good standing (pursuant to Part 3, commencing with Section 11300 of Division 4 of the Business and Professions Code, and the California Code of Regulations, Title 10, Section 3701) who possesses the appropriate background, education, training, knowledge and experience necessary to accept the assignment and provide credible assignment results. The subject property must be physically inspected (exterior and interior inspections) by at least one of the licensed appraisers signing the report.
2. The appraisal report must be USPAP compliant (current edition as of the date of appraisal report), and must include the report date, client, intended use, intended user, definition of fair market value, signed and dated appraiser certification. Intended users must include the State of California.
3. Appraisal report must provide the fair market value of the fee simple interest, leased fee interest, or going concern (as appropriate) of the subject property based on its current physical condition and recorded or unrecorded title encumbrances under the appraiser's concluded highest and best use. Lease conveyances or conveyances through trusts on tribal lands may also provide a need for leasehold valuations.
4. An appraiser's concluded highest and best use of the property may or may not be its existing use. However, the appraiser must, within the body of the appraisal report and in the letter of transmittal, report the fair market value of its existing use as of the date of inspection, without consideration to Project Homekey funding, other related affordable housing funding, the affordable housing regulatory environment, and funding application status.
5. If an appraiser's concluded highest and best use of the property is not its existing use, an appraisal must clearly and sufficiently demonstrate this conclusion by fully developing valuations under the existing use AND alternate use, accounting for the time and cost of procuring any entitlement approvals, renovation costs, lease up costs, profit, demolition, etc. Moreover, the valuation of the alternate use must utilize comparable data (e.g. sales, rents, expenses, capitalization rates) consistent with the concluded alternate use.
6. If prior to the close of escrow, **owner (seller)**, at their sole cost and expense, will obtain all necessary entitlements and/or complete all physical improvements consistent with the concluded highest and best use, the appraiser should provide a proposed use fair market value that reflects any seller obligations (e.g. entitlements, improvements, etc), in addition to the existing use value.

7. If value scenarios are anticipated to be different for any reason, e.g. unique contractual requirements, the appraiser must contact HCD for guidance in advance of completion of appraisal for instructions, approval of hypotheticals, etc. on how to proceed.
8. All value scenarios need to be market supported with credible market evidence.
9. Appraisal shall utilize the following definition of value:
Fair Market Value: The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
10. Full and complete compliance with USPAP Standards Rules 1-5(a) and (b) and 2-2(a) x (3) as it pertains for documenting the sale history. See Advisory Opinion 1 of USPAP from The Appraisal Foundation. If the subject is under contract or under negotiation for sale, compliance includes describing how the contract/negotiations came to occur (e.g. whether the property was listed for sale or if the buyer made an unsolicited offer), and reconciling the fair market value with the contract/negotiation price by explaining any differences between price and value, and stating whether the contract/negotiation price is below, consistent with, or above fair market value.
11. All appraisals are subject to review by the State of California. State reserves the right to request an independent outside review.

Appraisal report should include the following:

1. Title page with sufficient identification of appraisal project.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.
3. Table of contents.
4. Assumptions and Limiting Conditions.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining and analyzing relevant data.
6. Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements if applicable. (Interior photos of subject property improvements are required.)
7. Copies of Assessor's plat maps with the subject parcels marked.
8. A legal description of the subject property if available.
9. Three-year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.
10. Detailed discussion of any current Agreement of Sale, option, or listing of subject property.
11. Regional, area, and neighborhood analyses.

12. Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition or leasing within the relevant market area.
13. Discussion of subject land/site characteristics (size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes and assessments, etc.).
14. Description of subject improvements, including all structures, square footage, physical age, type of construction, quality of construction, condition, site improvements, etc.
15. Subject leasing and operating cost history.
16. Opinion of highest and best use for the subject property, based on an in-depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use decision.
17. All approaches to market value applicable to the property type and in the subject market. Explain and support the exclusion of any usual approaches to value.
18. Map(s) showing all comparable properties in relation to subject property.
19. Photographs and plat maps of comparable properties.
20. In depth discussion of comparable properties, similarities and differences, and comparisons and adjustments to the comparable data, and discussion of the reliability and credibility of the data as it relates to the indicated subject property value.
21. Comparable data sheets: 1) For sales, include information on grantor/grantee, sale/recordation dates, listed or asking price as of date of sale, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source. 2). For listings, also include marketing time from list date to effective date of the appraisal, original list price, changes in list price, broker feedback, if available. 3). For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased, tenant improvement allowance, concessions, use restrictions, options, and confirming source.
22. Discussion of construction cost methodology, data source used, costs included and excluded.
23. Discussion relating to remaining economic life. Depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.
24. Copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.
25. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report and the assumption that there is no effect on value.

26. Reconciliation and final value estimate. Explain and support conclusions reached.
27. Signed Certification consistent with language found in USPAP.
28. A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
29. These appraisal guidelines must be included in the Addenda of appraisal report.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



September 26, 2023

Jeff Davis, Interim President and Chief Executive Officer
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Dear Jeff Davis:

**RE: Award Announcement – Homekey Program
Notice of Funding Availability, Fiscal Year 2023/2024, Round 3
San Diego Housing Commission – *Pacific Village*
Contract No. 23-HK-17989**

The California Department of Housing and Community Development (Department) is pleased to announce that the San Diego Housing Commission (Awardee) has been awarded a Homekey Round 3 award in the amount of \$16,850,000. This letter constitutes notice of the designation of Homekey funds for the Awardee.

Awardee will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing.

Your Ambassador will be in communication with you to develop the Standard Agreement and confirm any documents needed to execute this contract.

The Homekey Round 3 NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases.

Congratulations on your successful application. For further information, please contact Connor Leahy, Homekey Program Manager, Program Design and Implementation Branch, at (916) 820-1207 or Connor.Leahy@hcd.ca.gov.

Sincerely,

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

AUTHORIZING RESOLUTION

RESOLUTION NO. HC-1985

A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING
COMMISSION AUTHORIZING APPLICATION TO AND PARTICIPATION IN
THE HOMEKEY PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development ("**Department**") has issued a Notice of Funding Availability, dated March 29, 2023 ("**NOFA**"), for the Homekey Program ("**Homekey**" or "**Program**"). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- B. **The San Diego Housing Commission** ("**Applicant**") desires to apply for Homekey grant funds. Therefore, Applicant is submitting an application for Homekey funds ("**Application**") to the Department for review and consideration with respect to the Ramada Inn property at 3737-3747 Midway Drive, San Diego, CA 92110, to be known as Pacific Village.
- C. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement ("**Standard Agreement**"), and all other legal requirements of the Homekey Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the NOFA, and to apply for Homekey grant funds in a total amount not to exceed **\$18,000,000** with respect to the Ramada Inn property at 3737-3747 Midway Drive, San Diego, CA 92110, to be known as Pacific Village.
- 2. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$18,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the "**Homekey Documents**").
- 3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities

identified in the Standard Agreement.

4. Jeff Davis, Interim President and CEO of the San Diego Housing Commission, or designee is authorized to execute the Application and the Homekey Documents on behalf of Applicant for participation in the Homekey Program.

Approved as to Form
Christensen & Spath

By



Walter F. Spath III
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on May 12, 2023.

By:



Scott Marshall
Vice President, Communications &
Government Relations

Approved:



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

[NOTICE AND INSTRUCTIONS APPEAR ON THE FOLLOWING PAGE]

NOTICE AND INSTRUCTIONS

1. **Notice.** The Department is providing this template Authorizing Resolution as informational guidance only. The Department encourages each Applicant to consult with professional legal counsel during the development of its own formal, legally binding statement that it is authorized to apply to and participate in the Homekey Program.
 - a. Please note, however, that any limitations or conditions on the authority of the signatory or signatories to execute the Application or the Homekey Documents may result in the Department rejecting the Authorizing Resolution.
2. **Accuracy, Verification.** The Department will verify that this Authorizing Resolution comports with the legal authority and composition of Applicant's governing body. Applicant must timely notify the Department, in writing, of any factors that limit its ability to provide an Authorizing Resolution which is materially in line with this template.
3. **Dollar Amounts of Grant Awards.** The Department recommends identifying an authorized dollar amount that is at least double the anticipated award (based on current formula calculations). Award amounts are subject to change. If Applicant is ultimately awarded an amount in excess of the amount identified in the Authorizing Resolution, the Department will require a new Authorizing Resolution from Applicant before execution of a Standard Agreement.
4. **Authorized Signatory or Signatories, Designee.** Applicant, as a state, regional, or local public entity, may designate an authorized signatory by title only. In addition, Applicant may authorize multiple signatories, so long as there is clarifying language as to whether the signatories are authorized to execute the Homekey Documents individually or collectively. In addition, Applicant may authorize a designee of the authorized signatory to execute the Homekey Documents. In such case, Applicant must append a supporting document (e.g., memorandum, meeting notes of official action), which indicates the name and title of the designee who is authorized to legally bind the governing body.
5. **Vote Count.** Please fill out the field by every voting category (i.e., Ayes, Nays, Abstain, Absent). If none, please indicate zero (0) for that field. The vote count must comport with the legal authority and membership of the Applicant's governing body.
6. **Certification of Authorizing Resolution.** The individual who certifies the Authorizing Resolution cannot also be authorized to execute the Homekey Documents on behalf of Applicant.

Passed and adopted by the San Diego Housing Commission on May 12, 2023, and finalized on May 19, 2023, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
Stefanie Benvenuto	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ryan Clumpner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johanna Hester	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kellee Hubbard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Eugene "Mitch" Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Melinda K. Vásquez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Jeff Davis

Interim President & Chief Executive Officer of the
San Diego Housing Commission

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. 1985 passed and adopted by the San Diego Housing Commission on
May 12, 2023, and finalized on May 19, 2023.

By:



Scott Marshall

Secretary of the San Diego Housing Commission

Attachment 5

PURCHASE AND SALE AGREEMENT (Ramada - 3737-3747 Midway Drive, San Diego)

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is dated as of the 1st day of August, 2022 ("Effective Date"), by and between Anjali Enterprise LLC, a Washington limited liability company ("Seller"), and the San Diego Housing Commission ("Purchaser").

RECITALS

A. The Seller owns that certain 64-unit Ramada generally located at 3737-3747 Midway Drive, San Diego, California 92110, which is legally described on Exhibit A attached hereto and made a part hereof ("Real Property").

B. Provided the various conditions to Closing (as defined below) set forth in this Agreement are timely satisfied, the Seller agrees to sell the Property (as defined below) to the Purchaser and the Purchaser agrees to purchase the Property from the Seller as set forth in this Agreement.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, the Seller and the Purchaser hereby agree as follows:

1. Purchase and Sale. In consideration of the mutual covenants set forth in this Agreement, the Purchaser will acquire all of the Property, on the terms and conditions set forth herein, provided the various conditions to Closing set forth in this Agreement are satisfied or waived as provided herein.

(a) Sale. The Seller agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from Seller, on the terms and conditions set forth herein. At Closing, the Seller shall convey the fee interest in the Real Property to the Purchaser by recordation of the Grant Deed (as defined below). The Escrow Agent shall issue the Title Policy (as defined below) to the Purchaser at Closing.

(b) Possession. The Seller shall deliver possession of the Property to Purchaser at Closing. Possession of the Property shall be delivered to Purchaser subject only to the Property Documents (except for the Franchise Agreement) and the Permitted Exceptions.

2. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" means this Purchase and Sale Agreement between the Seller and the Purchaser.

"Appurtenant Rights and Interests" means collectively: (i) all rights, privileges and easements appurtenant to the Real Property, including, without limitation, all minerals, oil, gas

and other hydrocarbon substances on and under the Real Property, if any; (ii) all development rights, air rights, and water rights relating to the Real Property, if any; and (iii) all easements, rights-of-way or appurtenances which run with the Real Property, if any; and (iv) all of the Seller's right, title and interest in and to any agreements, maps, permits, certificates, approvals, awards, deposits, licenses, utilities, government entitlements and other rights and privileges relating to or appurtenant to the Property, if any.

"Assignment" means the Assignment of Personal Property and Assignment and Assumption of Contracts duly executed and acknowledged by the Seller and Purchaser, in the form attached hereto as Exhibit B and made a part hereof.

"Business Day" means any day other than a Saturday, Sunday or any other day on which Purchaser or Escrow Agent is not open for business. In the event any date, deadline or due date set forth in this Agreement falls on a day that is not a Business Day, then such deadline or due date shall automatically be extended to the next Business Day.

"Close" or "Closing" means recordation of the Grant Deed.

"Closing Date" means one (1) Business Day after the later of: (i) the date all of the Conditions Precedent for the Benefit of the Seller have been satisfied; and (ii) the date all of the Conditions Precedent for the Benefit of the Purchaser have been satisfied. The Closing shall occur on or before August 1, 2023. Notwithstanding the foregoing, if prior to such deadline, the Purchaser provides written notice to the Seller of the Purchaser's extension of the closing deadline, then the Closing deadline shall be extended to February 1, 2024.

"Conditions Precedent for the Benefit of the Seller" shall have the meaning set forth in Section 5 of this Agreement.

"Conditions Precedent for the Benefit of the Purchaser" shall have the meaning set forth in Section 6 of this Agreement.

"Contracts" shall have the meaning set forth in Section 14 of this Agreement.

"Deposit" shall have the meaning set forth in Section 3 of this Agreement.

"Due Diligence Period" means the period of time commencing on the Effective Date and ending at 5:00 p.m. Pacific time on December 1, 2022.

"Escrow" means the escrow depository and disbursement services to be performed by Escrow Agent pursuant to the provisions of this Agreement.

"Escrow Agent" means Chicago Title Company whose mailing address is 2365 Northside Drive, 6th Floor, San Diego, CA 92108, Attention: Renee Marshall, in its capacity as escrow agent. Use of the term "Escrow Agent" does not create a general agency and does not confer on Escrow Agent any right or authority to act for Purchaser or Seller without express instructions, whether as set forth in this Agreement or otherwise.

"Excluded Property" excluding (i) property of guests, (ii) items, equipment, computers, computer software, websites, URLs or information owned by or proprietary to Franchisor, (iii) items or information owned by or proprietary to Franchisor, (iv) Seller's accounts receivable, (v) any property that is subject to any of the Contracts or Equipment Leases unless the applicable Contract or Equipment Lease is assumed by Purchaser at Closing, (vi) any and all deposits, cash and other accounts owned or held by Seller or their respective affiliates, and (vii) any property tax refunds for the period prior to the Closing.

"Franchise Agreement" shall mean that certain Franchise Agreement between the Seller and Franchisor, as amended from time to time.

"Franchisor" shall mean Ramada Inn.

"Grant Deed" means a duly executed and acknowledged grant deed conveying fee simple title to the Real Property from the Seller to the Purchaser.

"Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Provided, however, the term "Hazardous Materials" shall not include substances typically used in the ordinary course of developing, operating and maintaining hotels in California or small amounts of chemicals, cleaning agents and the like commonly employed in routine household uses in a manner typical of occupants in other similar properties, provided that such substances are used in compliance with applicable laws.

"Immediately Available Funds" means a bank wire transfer.

"Improvements" means collectively any and all buildings, structures and improvements, of any kinds whatsoever, located at or affixed to the Real Property.

"Permitted Exceptions" means (i) the printed exceptions and exclusions in the Title Policy; (ii) the exceptions to title set forth in the Title Report which are approved by Purchaser in writing, or deemed approved by Purchaser, as provided in Section 4(d) below; (iii) real property taxes and assessments which are a lien but not yet delinquent; and (iv) any title exceptions caused, consented to or preapproved by Purchaser.

"Personal Property" means all tangible personal property owned by the Seller and located at and used in connection with, the Real Property and the Improvements, including, without limitation and all furniture fixtures and equipment at the Real Property, but specifically excluding the Excluded Property.

"Property" means collectively, the Real Property, the Improvements, the Appurtenant Rights and Interests and the Personal Property, but specifically excluding the Excluded Property.

"Property Documents" means the documents and agreements listed on Exhibit C attached hereto and made a part hereof.

“Purchase Price” shall have the meaning set forth in Section 3(a) of this Agreement.

“Purchaser” means the San Diego Housing Commission, a public agency; provided, however, if the San Diego Housing Commission assigns its interest in this Agreement pursuant to Section 10 of this Agreement, then the term “Purchaser” shall mean such assignee.

“Real Property” is defined in Recital A.

“Seller” means Anjali Enterprise LLC, a Washington limited liability company.

“Title Policy” means a CLTA Owner’s Policy of Title Insurance in the amount of the Purchase Price, insuring that title to the fee interest in the Real Property is vested in the Purchaser, subject only to the Permitted Exceptions, which Title Policy shall be obtained through the Escrow Agent. Seller shall pay the cost of the CLTA Owner’s Policy of Title Insurance. Purchaser shall pay the cost of any endorsements it desires. Purchaser may obtain an ALTA Owner’s Policy of Title Insurance in which event Purchaser shall pay the difference between the cost of the ALTA Owner’s Policy of Title Insurance and the cost of a CLTA Owner’s Policy of Title Insurance.

“Title Report” means Preliminary Report Order No. 00178063-993-SD2-CFU dated as of May 27, 2022, issued by Chicago Title Insurance Company.

3. Purchase Price.


(a) Purchase Price and Payment of the Purchase Price. The total purchase price to be paid by the Purchaser for all of the Property shall be Eleven Million Six Hundred Twenty-Three Thousand and No/100 Dollars (\$11,623,000.00) (“Purchase Price”). The Purchase Price shall be paid by the Purchaser to the Seller with Immediately Available Funds.

(b) Deposit; Liquidated Damages.

(1) Deposit. Purchaser shall make an initial deposit into Escrow of Immediately Available Funds equal to the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) Business Days of the Effective Date. Upon the expiration of the Due Diligence Period, if Purchaser elects in writing to proceed with the purchase of the Property, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) as an earnest money deposit, for a total deposit of One Hundred Thousand and No/100 Dollars (\$100,000.00). The foregoing deposits shall be referred to individual or collectively as the (“Deposit”). The Deposit shall be invested by the Escrow Agent in an interest-bearing account reasonably acceptable to the Purchaser and the Seller. All interest earned on the Deposit shall be paid over to the party entitled to the receipt of the Deposit. The Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser’s breach, as provided in Section 3(b)(2)) upon the expiration of the Due Diligence Period. If the Purchaser elects to terminate this Agreement prior to expiration of the Due Diligence Period, as set forth in Section 4 below, then the Deposit shall be immediately returned by Escrow Agent to the Purchaser. At Closing, the Deposit shall be

released by Escrow Agent to the Seller and any interest earned on the Deposit, shall be credited in favor of the Seller against the Purchase Price as set forth in Section 3(c), below. Notwithstanding anything to the contrary set forth herein, the Deposit and any other deposits made by the Purchaser shall be fully refundable to the Purchaser until such time as this Agreement has been approved by (collectively, the "Approvals"): (i) Purchaser's board and (ii) if the Housing Authority of the City of San Diego elects to hear the matter, then also by resolution of the Housing Authority of the City of San Diego, in its sole discretion. The Seller hereby acknowledges that the Purchaser is prohibited by San Diego Municipal Code Section 98.0301(d)(8)(A) from purchasing the Property, without the approval of the Purchaser's board and if the Housing Authority of the City of San Diego elects to hear the matter, then also by the Housing Authority of the City of San Diego. If the Approvals are not received before the expiration of the Due Diligence Period, this Agreement shall automatically terminate and the Deposit shall be immediately returned by the Escrow Agent to the Purchaser.

(2) LIQUIDATED DAMAGES. THE DEPOSIT SHALL BE REFUNDABLE TO THE PURCHASER AS MAY BE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT. IF ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT HEREUNDER THE SOLE REMEDY OF THE SELLER SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO PURCHASER AND ESCROW AGENT, WHEREUPON THE SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES (AND THE SELLER WAIVES ANY RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT SET FORTH IN CALIFORNIA CIVIL CODE SECTION 1680 OR 3389). THEREAFTER, NO PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO ANY OTHER PARTY HERETO EXCEPT FOR: (i) THE SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES; (ii) THE OBLIGATION OF THE PARTIES TO PAY AMOUNTS INTO ESCROW TO PAY A PORTION OF THE FEES AND COSTS OF ESCROW AS SET FORTH IN SECTIONS 5 AND 6 BELOW; (iii) THE OBLIGATIONS SET FORTH IN SECTIONS 4(a) AND 9, BELOW; AND (iv) ATTORNEYS' FEE AS SET FORTH IN SECTION 15(k), BELOW. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE SELLER'S ACTUAL DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO THE SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE PROVISIONS OF THIS SECTION 3(b)(2) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.



Seller's Initials



Purchaser's Initials

(c) Delivery of Remainder of Purchase Price into Escrow. Not less than one (1) Business Day prior to the Closing Date, the Purchaser shall cause Immediately Available Funds to be delivered to the Escrow Agent in an amount equal to the Purchase Price, minus the Deposit, and plus or minus any adjustments for prorations and expenses required under this Agreement.

(d) Disbursement to the Seller. Immediately after the Closing, the Escrow Agent shall disburse to the Seller the funds that the Seller is entitled to receive under this Agreement.

4. Due Diligence Period. During the Due Diligence Period the Purchaser may determine in the Purchaser's sole and absolute discretion, whether to proceed with the purchase of the Property. During the Due Diligence Period, the Purchaser may terminate this Agreement for any reason or for no reason at all by delivering written notice of such termination to Seller and Escrow Agent. After expiration of the Due Diligence Period, the Purchaser's right to terminate this Agreement for any reason, or for no reason at all, shall expire and the Deposit shall become nonrefundable. If this Agreement is terminated during the Due Diligence Period, then: (i) all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate, except for rights and liabilities that specifically survive such termination; (ii) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less any fees and costs charged by the Escrow Agent; and (iii) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller.

(a) Access and Cooperation. During the Due Diligence Period, the Purchaser and its representatives, consultants and attorneys shall have access to the Real Property and the Improvements, subject to the rights of occupants. Purchaser and Seller shall cooperate in order to allow for and ensure the minimum disturbance to occupants. All inspections shall be consistent with all applicable laws, rules and regulations regarding coronavirus risks, including, without limitation, social distancing, the maximum number of Purchaser representatives in any unit at any time, the wearing of face masks and the appropriate evaluation of the health of those conducting inspections. Seller shall make commercially reasonable efforts to provide Purchaser with access to all units subject to the consent of each occupant and the compliance by Purchaser and its representatives of all laws, rules and regulations regarding coronavirus risks, however Seller's inability to provide such access shall not be a default hereunder and shall not provide Purchaser with additional rights not otherwise expressed in this Agreement. Purchaser shall indemnify and defend the Seller, and shall hold the Seller, the Seller's agents and employees and the Real Property harmless from, any actions, losses, costs, damages, claims and/or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney fees, proximately caused by the actions of Purchaser and/or its contractors or agents (including Purchaser's Consultants) upon the Property. The Purchaser shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work done by the Purchaser or its agents pursuant to this Agreement to stand against the Property. If any such lien shall be filed against the Property, the Purchaser shall cause the same to be discharged or bonded by payment, deposit, bond or otherwise within thirty (30) days after actual notice of such filing. The Purchaser's obligations under this Section 4(a) shall survive the termination or expiration of this Agreement. If Purchaser desires to do any invasive testing at the Property, the Purchaser may do so only after obtaining Seller's prior written consent to the same, which consent may be withheld or granted on conditions

in Seller's sole discretion. The Purchaser shall promptly restore the Property to the condition the Property was in immediately prior to any tests or inspections conducted pursuant to this Section 4(a), at the Purchaser's sole cost and expense. The Purchaser shall provide the Seller with a complete set of plans, drawings and specifications ("Invasive Testing Plans") that define to the sole satisfaction of the Seller the invasive testing to be performed on the Property and the names of all environmental and other consultants, contractors and subcontractors who will be performing such invasive testing (collectively "Purchaser's Consultants"). The Purchaser shall deliver the names of the Purchaser's Consultants and the Invasive Testing Plans to the Seller concurrently with its request to the Seller that the Purchaser desires to perform invasive testing (unless the names of Purchaser's Consultants have previously been provided to the Seller). Before any of Purchaser's Consultants or other contractors, consultants or agents acting for or on behalf of Purchaser enter onto the Property, Purchaser shall furnish to Seller evidence that the Purchaser's Consultant or other contractor, consultant or agent of Purchaser has procured commercial general liability insurance from an insurer authorized to do business in the State of California, which is reasonably acceptable to Seller, insuring against claims for bodily injury, death or damage to property in a single limit amount of not less than \$1,000,000.00, endorsed to name Seller as an additional insured.

(b) Due Diligence Deliveries. Not later than five (5) Business Days after execution and delivery of this Agreement to the Escrow Agent, the Seller shall provide, to the extent in Seller's possession or control, the Purchaser with physical copies or digital copies (e.g. a pdf, tif or jpg file) of all documents evidencing Property Documents by physical delivery, "dropbox" or similar on-line data site, email or on a memory medium. If this Agreement is terminated before Closing, the Purchaser shall return all copies to the Seller; however, if any such information was delivered or made available to the Purchaser in electronic form, the Purchaser shall (i) delete all copies thereof so that the same cannot be retrieved; and (ii) certify to the Seller in writing under penalty of perjury that such deletion has been effected.

(c) Occupant Noticing and Relocation Costs. Certain State and Federal relocation laws may be applicable to the Purchaser, as a public agency, which would require the Purchaser to provide certain notices to the occupants of the Property. Within five (5) Business Days after the Effective Date, the Seller shall provide the names and addresses of all occupants of the Property, if any, to the Purchaser. The Seller agrees to allow the Purchaser to provide any and all notices to occupants of the Property that are required in order for the Purchaser to comply with any applicable laws; provided, however, prior to delivering notices to any occupants of the Property, the Purchaser shall submit a sample of the notice to the Seller for the Seller's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. Purchaser shall bear all responsibility for complying with such notice requirements and shall bear all relocation costs and expenses payable to occupants under applicable laws.

(d) Title. Purchaser's obligation to Close is contingent upon Purchaser's approval of all matters affecting title to or use of the Real Property (collectively, "Title Matters"). The intent of this Section 4(d) is to allow the parties to have certainty regarding the condition of title and the Title Matters which are acceptable to the Purchaser. The procedure set forth in this Section 4(d) shall not affect or otherwise limit the Purchaser's right to terminate this Agreement for any reason or no reason at all as set forth in Section 4, above. Purchaser shall have until October 1, 2022, to

approve or object to any items disclosed by the Title Report. If Purchaser does not give written notice to Seller of Purchaser's approval or disapproval of any items disclosed by the Title Report within said time period, then Purchaser shall be deemed to have approved the items disclosed by the Title Report. If Purchaser gives written notice to Seller of Purchaser's disapproval of any items disclosed by the Title Report within said time period and Seller does not give written notice to Purchaser within five (5) calendar days thereafter of either: (i) Seller's elimination of or agreement to eliminate those disapproved matters prior to the Closing; or (ii) Seller's agreement to provide at Seller's sole expense such title insurance endorsements relating thereto as are acceptable to Purchaser in Purchaser's sole discretion prior to the Closing (each, a "Cure Notice"), then this Agreement shall terminate immediately, unless Purchaser affirmatively agrees in writing within five (5) calendar days thereafter that this Agreement will remain in full force and effect and that the previously disapproved items disclosed by the Title Report are approved by Purchaser. If Title Company issues a supplemental title report prior to the Closing showing additional exceptions to title (a "Title Supplement"), Purchaser shall have five (5) Business Days from the date of receipt of the Title Supplement and a copy of each document referred to in the Title Supplement in which to give Seller written notice of disapproval as to any additional exceptions; provided, however, Purchaser may not disapprove any exceptions that were contained in the original Title Report or are otherwise Permitted Exceptions. Purchaser's failure to deliver any such written notice of disapproval within such five (5) Business Day period shall be deemed to mean that Purchaser has approved all such additional exceptions. If Purchaser disapproves any additional exception shown in the Title Supplement, then Purchaser and Seller will have the same rights and obligations set forth above in this Section regarding Purchaser's original review and approval of the Title Report. Notwithstanding the foregoing, Seller shall cause all Title Matters which are mechanics' liens or deeds of trust to be eliminated as exceptions to title on the Title Policy at Seller's sole expense prior to the Closing, and shall not record any documents against the Real Property from and after the Effective Date without Purchaser's prior written consent.

5. Conditions Precedent for the Benefit of the Seller. The Seller's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Seller") set forth in this Section 5. Any of the Conditions Precedent for the Benefit of the Seller may be waived by the Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is expressly waived (i) by email from the Seller to the Purchaser and Escrow Agent; or (ii) in a writing signed by the Seller and delivered to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Seller are not satisfied by the deadlines set forth in this Section 5 or expressly waived, the Seller (provided the Seller is not in default hereunder) may provide emailed or written notice of the Seller's conditional termination of this Agreement to the Purchaser and Escrow Agent. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 5, then: (x) as set forth in the liquidated damages provision of Section 3(b)(2), above, all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate except those which specifically survive such termination; (y) Escrow Agent

shall deliver the Deposit and all interest thereon to the Seller and shall return to the Seller all funds or other things deposited in Escrow by the Seller; and (z) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less the Deposit and all interest thereon, and less all fees and costs charged by the Escrow Agent. Notwithstanding the preceding clause (x) of this Section 5, in the event of termination of this Agreement pursuant to this Section 5, the Seller and the Purchaser shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 5. The Conditions Precedent for the Benefit of the Seller are:

- (a) Purchaser making the Deposit into Escrow, as set forth in Section 3(b)(1), above.
- (b) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price (less the Deposit and plus or minus expenses and prorations) as required by Section 3(c) above.
- (c) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of all other documents and instruments required by this Agreement or reasonably required by Escrow to complete the Closing.
- (d) As of the Closing Date, Purchaser is not in default of any of its representations or warranties or covenants under this Agreement, or any other material terms or conditions related to Purchaser, and all of the Purchaser's representations and warranties under this Agreement are true and correct as of the Closing Date.
- (e) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

6. Conditions Precedent for the Benefit of the Purchaser. The Purchaser's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Purchaser of all of the conditions precedent ("Conditions Precedent for the Benefit of the Purchaser") set forth in this Section 6. Any of the Conditions Precedent for the Benefit of the Purchaser may be waived by the Purchaser unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived by email from the Purchaser to the Seller and Escrow Agent; or (ii) or in writing signed by the Purchaser and delivered to the Seller and Escrow Agent. If the Conditions Precedent for the Benefit of the Purchaser are not satisfied by the deadlines set forth in this Section 6 or expressly waived, the Purchaser (provided the Purchaser is not in default hereunder) may provide emailed or written notice of the Purchaser's conditional termination of this Agreement to the Seller and Escrow Agent. After receipt of such notice of conditional termination, the Seller shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement

(and by operation of law the Escrow) pursuant to this Section 6, then: (w) the same shall be a default by the Seller; (x) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller; (y) Escrow Agent shall upon receipt of unilateral notice from the Purchaser, return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, including, without limitation, the Deposit and all interest thereon; and (z) all fees and costs charged by the Escrow Agent shall be paid by the Seller. Purchaser is not waiving any default by the Seller and nothing contained in this Section 6, including, without limitation, the immediately foregoing sentence shall be a waiver of any right of Purchaser to recover damages from the Seller for any default by Seller hereunder. Notwithstanding the foregoing clause (w) of this Section 6, in the event of termination of this Agreement pursuant to this Section 6, the Purchaser and the Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 6. The Conditions Precedent for the Benefit of Purchaser are:

(a) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Grant Deed duly executed and acknowledged by the Seller, conveying fee simple title to the Property to the Purchaser.

(b) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Assignment, duly executed, conveying title to the Personal Property to the Purchaser.

(c) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed affidavit in the form prescribed by federal regulations that Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7761(a)(30) of the Internal Revenue Code of 1986, as amended.

(d) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed California Form 593(c) or other evidence that withholding of any portion of the Purchase Price is not required by the Revenue and Taxation Code of California.

(e) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of all additional documents and instruments as are reasonably required by the Escrow Agent to complete the Closing.

(f) As of the Closing Date, no lease, tenancy or occupancy agreement exists which affects the Property, except for the, Property Documents (except that the Franchise Agreement shall have terminated) and the Permitted Exceptions.

(g) Except as described in Recital B, as of the Closing Date, there is no pending, or threatened to be pending, any action or proceeding by any person or before any government authority, the outcome of which could prohibit the use of the Property as intended by the Purchaser.

(h) The Escrow Agent is prepared and obligated to issue the Title Policy in Purchaser's favor, upon the recordation of the Grant Deed and there are no exceptions to the Title Policy, except for the Permitted Exceptions.

(i) As of the Closing Date, Seller is not in default of any of its representations or warranties under this Agreement, or any other material terms or conditions related to Seller, and all of Seller's representations and warranties under this Agreement are true and correct as of the Closing Date.

(j) The Franchise Agreement affecting the Property has been terminated.

(k) The State of California Department of Housing and Community Development has awarded HomeKey funds to the Purchaser for Purchaser's acquisition of the Property.

7. Representations, Warranties and Covenants; Waivers and Releases; Seller Default. When making the representations and warranties set forth in this Section 7, each party making a representation and/or warranty represents that the same are true, correct and complete as of the date hereof and shall be and are true, correct and complete as of the Closing Date. The representations and warranties shall survive the Closing.

(a) Representations and Warranties Regarding Authority. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and all documents or instruments executed by them which are to be delivered at or prior to the Closing are, or on the Closing Date will be, duly authorized, executed and delivered by the Seller or the Purchaser, as applicable.

(b) Representations and Warranties Regarding Enforceability of Agreement. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and all documents required hereby to be executed by them shall be valid, legally binding obligations of, and enforceable against, the Seller or the Purchaser, as applicable, in accordance with their terms.

(c) Seller Representations and Warranties Pertaining to Legal Matters. The Seller hereby represents and warrants to the Purchaser that:

(1) The Seller is the sole owner of title to the Property; and

(2) There is no pending or threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portions thereof, nor any facts which might give rise to such action or proceeding.

(d) Seller Representations and Warranties Pertaining to Options. As of the Effective Date, the Seller hereby represents and warrants to the Purchaser that no person has any option or right of first refusal to purchase the Property or any parts thereof.

(e) Seller Representation and Warranty Pertaining to Occupancy. The Seller hereby represents and warrants to the Purchaser that to the current actual knowledge of Seller, there will be no occupancy or leasing agreements by which the Purchaser would be bound following the Closing.

(f) Seller Representation and Warranty Regarding Operation of the Property. The Seller hereby represents and warrants to the Purchaser that to the current actual knowledge of Seller, the Property Documents (except for the Franchise Agreement) and the Permitted Exceptions constitute all of the oral and written agreements or understandings concerning the Property by which the Purchaser would be bound following the Closing.

(g) Seller Representations and Warranties Regarding Discovery of New Information. The Seller hereby represents and warrants to the Purchaser that if the Seller discovers any information or facts prior to Closing that would materially change any of the foregoing representations and warranties or cause any of the foregoing representations and warranties to be untrue or misleading in any respect, the Seller will promptly give the Purchaser notice of those facts and information.

(h) AS-IS CONDITION. PURCHASER HEREBY ACKNOWLEDGES, REPRESENTS, WARRANTS, COVENANTS AND AGREES THAT AS A MATERIAL INDUCEMENT TO SELLER TO EXECUTE AND ACCEPT THIS AGREEMENT AND IN CONSIDERATION OF THE PERFORMANCE BY SELLER OF ITS DUTIES AND OBLIGATIONS UNDER THIS AGREEMENT THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS-IS, WHERE-IS" BASIS, AND SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (1) THE EXISTENCE OF HAZARDOUS MATERIALS OR MOLD UPON THE PROPERTY OR ANY PORTION THEREOF; (2) GEOLOGICAL CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (3) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARD; (4) DRAINAGE; (5) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORING; (6) USES OF ADJOINING PROPERTIES; (7) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF, INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE IMPROVEMENTS COMPLY WITH THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, 42 U.S.C. §§ 12181-12183, 12186(B) - 12189 AND RELATED REGULATIONS; (8) THE PRESENCE OF HAZARDOUS

MATERIALS IN, ON, UNDER OR IN THE VICINITY OF THE PROPERTY; (9) THE SQUARE FOOTAGE OF THE PROPERTY; (10) IMPROVEMENTS AND INFRASTRUCTURE, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE ROOF, FOUNDATION, FIXTURES, AND PERSONAL PROPERTY; (11) DEVELOPMENT RIGHTS, ENTITLEMENTS, EXACTIONS AND EXTRACTIONS; (12) WATER OR WATER RIGHTS; (13) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (14) THE ABILITY OF PURCHASER TO REZONE THE REAL PROPERTY OR CHANGE THE USE OF THE PROPERTY; (15) THE ABILITY OF PURCHASER TO ACQUIRE ADJACENT PROPERTIES; (16) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND UTILITIES; (17) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (18) WHETHER THE IMPROVEMENTS WERE BUILT, IN WHOLE OR IN PART, IN COMPLIANCE WITH APPLICABLE BUILDING CODES; (19) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (20) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (21) THE CONDITION OR USE OF THE PROPERTY OR COMPLIANCE OF THE PROPERTY WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, INCLUDING ANY APPLICABLE PLUMBING RETROFIT REQUIREMENTS AND ANY APPLICABLE ENERGY-RELATED REQUIREMENTS; (22) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE); AND/OR (23) THE SUITABILITY OF THE PROPERTY FOR CONDOMINIUM CONVERSION. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THIS SECTION 7(H), ANY RIGHT WAIVED BY PURCHASER AND ANY RELEASE BY PURCHASER, SHALL ONLY RELEASE OR WAIVE THE PURCHASER'S RIGHTS TO ENFORCE ANY JUDGMENT PERSONALLY AGAINST THE SELLER AND SELLER'S SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTICIPANTS, PARTNERS, MEMBERS, MANAGERS, AFFILIATES, EMPLOYEES, REPRESENTATIVES, INVITEES, CONTRACTORS, CONSULTANTS AND AGENTS (COLLECTIVELY, THE "SELLER PARTIES") OR ANY OF THEM. PURCHASER IS NOT WAIVING ANY RIGHT TO BRING ANY ACTION AGAINST ANY OF THE "NON-RELEASED PARTIES" (DEFINED BELOW) (I) BASED ON A THEN-EXISTING WARRANTY OF A NON-RELEASED PARTY FOR WORK PERFORMED AT THE REAL PROPERTY BEFORE THE CLOSING OR MATERIALS OR EQUIPMENT SUPPLIED TO THE REAL PROPERTY BEFORE THE CLOSING, INCLUDING RECOVERY AGAINST ANY INSURANCE POLICY OF THE NON-RELEASED PARTY; OR (II) IF THE NON-RELEASED PARTY IS AN OCCUPANT, BASED ON A PRE-CLOSING BREACH OF THE OCCUPANT'S OCCUPANCY AGREEMENT. **"NON-RELEASED PARTIES"** MEANS PERSONS PERFORMING WORK AT THE REAL PROPERTY BEFORE THE CLOSING

(OTHER THAN SELLER OR ANY OF THE SELLER PARTIES) AND/OR ANY INSURANCE POLICIES HELD BY ANY OR ALL SUCH PERSONS AND THE OCCUPANTS.

PURCHASER ACKNOWLEDGES THAT AS OF THE EXPIRATION OF THE DUE DILIGENCE PERIOD, PURCHASER SHALL HAVE COMPLETED ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER (IT BEING ACKNOWLEDGED AND AGREED THAT PURCHASER SHALL BE DEEMED TO HAVE INSPECTED EACH UNIT WITHIN THE PROPERTY) AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION FOR THE PROPERTY AFFORDED BY THE TITLE POLICY, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT THE SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO THE SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, EMPLOYEE, SERVANT OR OTHER PERSON ACTING ON SELLER'S BEHALF. IT IS ACKNOWLEDGED AND AGREED THAT THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT.

PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER IS FULLY AWARE OF THE AGE OF THE PROPERTY, THAT OVER TIME VARIOUS EVENTS MAY HAVE OCCURRED ON THE PROPERTY WHICH EVENTS MAY BE TYPICAL AND/OR ATYPICAL OF EVENTS OCCURRING TO OTHER PROPERTIES OF SIMILAR AGE TO THE PROPERTY AND SIMILARLY LOCATED IN THE CITY OF SAN DIEGO AND/OR THE COUNTY OF SAN DIEGO, CALIFORNIA, AND THAT SUCH EVENTS MAY INCLUDE, WITHOUT LIMITATION, SLAB LEAKS, MOLD, FIRE, SHIFTING, AND VIOLATIONS OF LAWS, ORDINANCES, RULES, REGULATIONS, PERMITS, APPROVALS, LICENSES AND/OR ORDERS OF GOVERNMENTAL AGENCIES WITH JURISDICTION OVER THE PROPERTY.

THE CLOSING OF THE PURCHASE OF THE PROPERTY BY PURCHASER HEREUNDER SHALL BE CONCLUSIVE EVIDENCE THAT: (A) PURCHASER HAS FULLY AND COMPLETELY INSPECTED (OR HAS CAUSED TO BE FULLY AND COMPLETELY INSPECTED) THE PROPERTY; AND (B) PURCHASER ACCEPTS THE PROPERTY AS BEING IN GOOD AND SATISFACTORY CONDITION AND SUITABLE FOR PURCHASER'S PURPOSES.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR RELIANCE ON THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, PURCHASER SHALL PERFORM AND RELY SOLELY UPON ITS OWN INVESTIGATION CONCERNING ITS INTENDED USE OF THE PROPERTY, AND THE PROPERTY'S FITNESS THEREFOR. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER'S COOPERATION WITH PURCHASER WHETHER BY PROVIDING DOCUMENTS RELATING TO THE PROPERTY OR PERMITTING INSPECTION OF THE PROPERTY, SHALL NOT BE CONSTRUED AS ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OF ANY KIND WITH RESPECT TO THE PROPERTY, OR WITH RESPECT TO THE ACCURACY, COMPLETENESS, OR RELEVANCE OF THE DOCUMENTS PROVIDED TO PURCHASER BY SELLER IN RELATION TO THE PROPERTY, PROVIDED THAT THE FOREGOING SHALL NOT BE A LIMITATION OR MODIFICATION OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT.


SELLER'S INITIALS


PURCHASER'S INITIALS

(i) Indemnity and Release.

(1) Indemnity. For the purposes of this Section 7(i), the term "Claims" shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, attorneys' fees and costs and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials) of any kind or nature whatsoever. The definition of "Claims" shall include, without limitation, Claims under contract law or tort law. Each and every provision of this Section 7(i) shall survive the Closing. Purchaser acknowledges that but for Purchaser's agreement to each and every provision of this Section 7(i), Seller would not have entered into this Agreement. Purchaser, on behalf of itself, its successors, assigns and successors-in-interest ("Successors"), hereby agrees to indemnify, defend and hold Seller and each and all of the Seller Parties (defined in Section 7(h)) harmless from any and all Claims resulting from, related to, or based upon, whether directly or indirectly: (i) the breach by Purchaser of any representation, warranty, covenant or obligation contained in this Agreement, or in any other agreement, document, exhibit or instrument related hereto or referenced herein; (ii) any Claim or Claims, if the basis of such Claim or Claims arose on or after the Closing, and if the basis of such Claim or Claims arose from, is based upon, relates to or pertains to, whether directly or indirectly, the ownership, operation, management and use of the Property; (iii) any Claim or Claims which Claim or Claims (or the basis for which) arose from, is based upon, relates to or pertains to, whether

directly or indirectly, any act or omission of Purchaser; (iv) (A) any Claim or Claims that relate to the condition of the Property on or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit, and (B) any Claim or Claims that relate to defects in the Property (including, without limitation, patent and latent construction defects), regardless of whether said defects or the cause of the same arose either before or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit; and (v) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser. Any defense of any or all of the Seller Parties referenced in this Section 7(i)(1), shall be at the Purchaser's sole cost and expense and by counsel selected by the Purchaser, subject to the reasonable approval of the indemnified person, which counsel may, without limiting the rights of any of the Seller Parties pursuant to the next succeeding sentence of this Section 7(i)(1), also represent the Purchaser in such investigation, action or proceeding. If Seller or any of the Seller Parties that is being indemnified determines reasonably and in good faith that its defense by the Purchaser is reasonably likely to cause a conflict of interest or is being conducted in a manner which is prejudicial to Seller's or the Seller Party's interests, such indemnified person may elect to conduct its own defense through counsel of its own choosing, subject to the reasonable approval of the Purchaser, and at the expense of the Purchaser. Purchaser hereby waives any right of subrogation as to Seller or the Seller Parties. Each and every provision of this Section 7 shall survive the Closing and but for Purchaser's agreement to each and every provision of this Section 7, Seller would not have entered into this Agreement.

(2) Release. Notwithstanding the following or anything to the contrary set forth in this Agreement, the Seller is not released from any liability to the Purchaser for fraud or breach of any covenant or warranty set forth in this Agreement. Subject to the immediately preceding sentence and the Purchaser's right to rely on the Seller's representations and warranties, Purchaser for itself and on behalf of each of its successors (collectively, the "Releasers") by this general release of known and unknown claims (this "Release") hereby irrevocably and unconditionally release and forever discharge Seller and each of the Seller Parties (collectively, the "Releasees") or any of them, from and against any and all Claims of any kind or nature whatsoever, **WHETHER KNOWN OR UNKNOWN**, suspected or unsuspected, fixed or contingent, liquidated or unliquidated which any of the Releasers now have, own, hold, or claim to have had, owned, or held, against any of the Releasees arising from, based upon or related to, whether directly or indirectly any facts, matters, circumstances, conditions or defects (whether patent or latent) of all or any kinds, related to, arising from, or based upon, whether directly or indirectly, the Property, including, without limitation, (i) the physical condition, quality and state of repair of the Property; (ii) any latent or patent defect affecting the Property, (iii) the presence of Hazardous Materials in, on, about or under the Real Property or which have migrated from adjacent lands to the Real Property or from the Real Property to adjacent lands, and (iv) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser.

(3) Section 1542 Waiver. Except for Claims for Seller's fraud or the breach of any covenants, representations and warranties of the Seller provided in this Agreement, Releasors hereby further agree as follows:

(A) Releasors acknowledge that there is a risk that subsequent to the execution of this Agreement, Releasors may discover, incur, or suffer from Claims which were unknown or unanticipated at the time this Release is executed, including, without limitation, unknown or unanticipated Claims which, if known by Releasors on the date this Release is being executed, may have materially affected Releasors' decision to execute this Agreement. Releasors acknowledge that Releasors are assuming the risk of such unknown and unanticipated Claims and agree that this Release applies thereto. Releasors expressly waive the benefits of Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

(B) Releasors represent and warrant that Releasors have been represented by independent counsel of Releasors' own choosing in connection with the preparation and review of the Release set forth herein, that Releasors have specifically discussed with such counsel the meaning and effect of this Release and that Releasors have carefully read and understand the scope and effect of each provision contained herein. Releasors further represent and warrant that Releasors do not rely and have not relied upon any representation or statement made by any of the Releasees or any of their representatives, agents, employees, attorneys or officers with regard to the subject matter, basis or effect of this Release.

(C) Releasors represent and warrant to Releasees that Releasors have not and shall not assign or transfer or purport to assign or transfer any Claim or Claims or any portion thereof or any interest therein, and shall indemnify, defend, and hold the Releasees harmless from and against any Claim or Claims based on or arising out of, whether directly or indirectly, any such assignment or transfer, or purported assignment or transfer.


SELLER'S INITIALS


PURCHASER'S INITIALS

It is specifically intended that each of the Seller Parties shall be third party beneficiaries of Section 7(h) and Section 7(i).

8. Condemnation.

(a) Condemnation. If between the Effective Date and the Closing Date, any condemnation or eminent domain proceeding is commenced by any party other than the Purchaser that will result in the taking of the entire Property or any part of the Property, Purchaser may, at Purchaser's election, either:

(1) Terminate this Agreement by giving written or emailed notice to the Seller and the Escrow Agent, in which event all remaining funds or other things deposited in Escrow by Purchaser, including, without limitation, the Deposit, shall be returned to the Purchaser immediately from Escrow, together with any interest earned thereon and all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Purchaser and one-half (1/2) by the Seller; or

(2) Give written or emailed notice to the Seller and the Escrow Agent that Purchaser will proceed with the Closing, in which event the Seller shall assign to the Purchaser all of the Seller's rights, titles and interests to any award made for the condemnation or eminent domain action.

(b) Notice. If the Seller obtains notice of the commencement of or the threatened commencement of eminent domain or condemnation proceedings with respect to all of any portion of the Property, the Seller shall notify the Purchaser in writing.

9. Broker's Commission. The Purchaser and the Seller each represents to the other that it does not have any contact or binding agreement with respect to any real estate broker or other person who can claim a right to a commission or finder's fee. The Purchaser and the Seller each agree that to the extent any real estate commission, brokerage commission or finder's fee shall be earned or claimed in connection with this Agreement or the Closing, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested (or is alleged to have requested) the services of the broker or finder. In the event that any claim, demand or cause of action for any such commission or finder's fee is asserted against the party to this Agreement who did not request such services (or is not alleged to have requested such services), the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action and expenses related thereto, including, without limitation, attorneys' fees and costs. The provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. Assignment. The Purchaser may assign this Agreement to an entity in which the Purchaser has a controlling or majority interest without the prior written consent of the Seller. Except as set forth in the immediately preceding sentence, no party shall assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party hereto. Any attempted assignment or delegation of this Agreement by the Purchaser or the Seller in violation of this Section 10 shall be void.

11. Notices. All notices under this Agreement shall be in writing and sent (a) overnight by a nationally recognized overnight courier such as UPS Overnight, or FedEx, in which case notice shall be deemed delivered one (1) Business Day after deposit with that courier, (b) by personal delivery, in which case notice shall be deemed delivered upon the actual date of delivery, or (c) by email, in which case notice shall be deemed delivered upon the actual date of delivery. All notices shall be delivered to the following addresses:

If to Seller: Anjali Enterprise LLC
3747 Midway Drive
San Diego, CA 92110

If to Purchaser: San Diego Housing Commission
Attn: Buddy Bohrer
1122 Broadway, Suite 300
San Diego, CA 92101
Email: buddyb@sdhc.org

Copy to: Christensen & Spath LLP
Attn: Walter F. Spath III, Esq.
401 West A Street, Suite 2250
San Diego, CA 92101
Email: wfs@candslaw.net

If to Escrow Agent: Chicago Title Company
Attn: Renee Marshall
2365 Northside Drive
San Diego, CA 92108
Email:

The addresses above may be changed by written notice to the other party given in accordance with this Section 11.

12. Risk of Loss.

(a) Subject to the provisions of this Section 12(a), the risk of loss or damage to the Property until the Closing will be borne by Seller. Upon the occurrence of any damage to or destruction of the Property, Seller shall within five (5) days after the occurrence of such damage or destruction give written notice to Purchaser ("Damage Notice") specifying the estimated cost to repair or restore the Property and an estimate of the insurance proceeds, if any, that will be available with respect to such damage or destruction. The Closing shall be appropriately delayed to provide adequate time for Seller to give the Damage Notice and Purchaser to make its election provided for below.

(b) If prior to the Closing there is damage to or destruction of the Property that will cost in excess of One Hundred Thousand Dollars (\$100,000.00) to repair or restore, Purchaser shall have the right by written notice given to Seller within ten (10) days of Purchaser receiving the Damage Notice, to elect to: (i) close Escrow in such damaged condition, in which event the Purchase Price shall not be reduced and Seller shall not be obligated to repair or restore the Property and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller receives any such insurance proceeds, they shall be immediately remitted by Seller to Purchaser at Closing or, if received by Seller after Closing, promptly after receipt; or (ii) terminate this Agreement, in which event the Deposit and all interest accrued thereon shall be immediately returned to Purchaser, and neither party shall have any further rights or obligations to the other

party, except neither party shall be relieved of any obligations provided for in this Agreement which expressly survives its termination.

(c) If prior to the Closing there is damage to or destruction of the Property that will cost One Hundred Thousand Dollars (\$100,000.00), or less, to repair or restore, Purchaser shall nevertheless close Escrow with the Property in such damaged condition, the Purchase Price shall be reduced by a commensurate amount and Seller shall not be obligated to repair or restore the Property, and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller should receive any such insurance proceeds, they shall be immediately remitted to Purchaser.

13. Water Heaters. Seller hereby certifies and warrants that all water heaters in or on the Property are braced, anchored or strapped to prevent falling or horizontal displacement due to earthquake motions as required by State and applicable local codes.

14. Prorations.

(a) Real property taxes and assessments, utility costs, rents, security deposits, service and maintenance contract payments for contracts that are being assumed by the Purchaser (which assumption shall be of all service and maintenance and similar type contracts with regard to the Property to the extent same are assignable) ("Contracts") and other expenses of operating the Property (provided, however, no proration shall be made with regard to any capital improvements, as determined in accordance with generally accepted accounting principles) shall be prorated as of the Closing. Seller shall pay all real property taxes and assessments applicable to the period prior to the Closing, and if any such taxes are unpaid after the Closing, then Seller shall pay them promptly and in any event within ten (10) days after Purchaser's written request (which shall include a copy of the relevant tax bill). Seller shall have the right, but not the obligation, to pursue after the Closing collection from tenants of any rents due at the Closing which are unpaid.

15. Franchise De-Identification. The parties acknowledge that Seller shall terminate the Franchise Agreement at Closing but that additional time may be needed for Seller to fulfill all of its de-identification obligations under such terminated Franchise Agreement, all at Seller's sole cost and expense (the "De-Identification Obligations"). Therefore, Purchaser will allow Seller and its affiliates and agents reasonable access to the Property for thirty (30) days after the Closing in order for Seller to fulfill the De-Identification Obligations.

16. General Provisions.

(a) Governing Law. This Agreement shall be interpreted and construed in accordance with California law, without regard to any choice of law principles.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors, heirs and permitted assigns.

(e) Modifications; Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is sought.

(f) Entire Agreement. This Agreement contains the entire agreement between the parties relating to Purchaser's acquisition of the Property from the Seller and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded.

(g) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(h) Survival; No Merger. This Agreement, including, without limitation, all representations, warranties, covenants, agreements, indemnities and other obligations of the Purchaser and the Seller in this Agreement, shall survive the Closing as provided for in this Agreement and will not be merged into the Grant Deed or any other document.

(i) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(j) Time of Essence. Time is of the essence in this Agreement.

(k) Attorneys' Fees. The parties agree that the prevailing party in litigation for the breach and/or interpretation and/or enforcement of the terms of this Agreement shall be entitled to their expert witness fees, if any, as part of their costs of suit, and attorneys' fees as may be awarded by the court, pursuant to California Code of Civil Procedure ("CCP") Section 1033.5 and any other applicable provisions of California law, including, without limitation, the provisions of CCP Section 998. All claims, disputes, causes of action or controversies shall be subject solely to the jurisdiction of the San Diego Superior Court, Downtown Branch.

(l) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Purchaser and the Seller or between any of them and any third party.

(m) Recording. This Agreement shall not be recorded.

(n) Purchaser Approval. Where this Agreement refers to an action or approval of the Purchaser, it shall mean the approval of the President and CEO of the Purchaser, or designee, unless otherwise provided.

(o) Exhibits and Recitals Incorporated. All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The Recitals to this Agreement are hereby incorporated in this Agreement by this reference.

(p) Independent Counsel. Seller and Purchaser each acknowledge that: (a) they have been given the opportunity to be represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel, if such counsel was retained; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel, if such counsel was retained. The fact that this Agreement was prepared or negotiated by Purchaser's or Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against either party due to the fact that Purchaser's or Seller's counsel prepared or negotiated this Agreement in its final form.

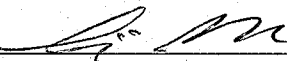
(q) Capacity and Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, represent and warrant to one another party that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(r) Closing Costs. The Seller and the Purchaser shall pay the costs of the Title Policy in accordance with Section 2, above. The Purchaser and the Seller shall each pay one-half (1/2) of the costs of the City transfer taxes and County transfer taxes to be paid with reference to the Grant Deed, if any, and all other stamps, intangible, documentary, recording and surtax imposed by law with reference to any other documents delivered in connection with this Agreement, if any. The Purchaser and the Seller shall equally share the Escrow Agent's escrow fees. All other closing costs shall be allocated in accordance with custom in San Diego County, California.

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the date first above written.

SELLER:

Anjali Enterprise LLC, a Washington limited liability company

By: 
Print Name: KESHAV MUNGRA
Its: Member

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission

By: 

Jeff Davis, Interim President & CEO

Approved as to Form:

Christensen & Spath LLP

By: 

Walter F. Spath III, Esq.

Purchaser General Counsel

Exhibit A

Real Property Legal Description

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL THOSE PORTIONS OF PUEBLO LOT 220, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP OF PUEBLO LANDS OF SAN DIEGO BY JAMES PASCOE IN 1870 DEFINED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PUEBLO LOT 220; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 35.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 860.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 36°15'35" WEST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 235.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 85.00 FEET; THENCE NORTH 36°15'35" EAST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT; THENCE SOUTH 53°49'30" EAST ALONG SAID PARALLEL LINE, 85.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

ALL THOSE PORTIONS OF PUEBLO LOT 220, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF OF PUEBLO LANDS OF SAN DIEGO BY JAMES PASCOE IN 1870, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PUEBLO LOT 220; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 35.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 760.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 36°15'35" WEST ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET; THENCE NORTH 53°49'30" WEST ALONG A LINE PARALLEL WITH AND DISTANT 235.00 FEET SOUTHEASTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT, 100.00 FEET; THENCE NORTH 36°15'35" EAST, ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID PUEBLO LOT, 200.00 FEET TO A POINT ON THE LINE THAT IS PARALLEL WITH AND DISTANT 35.00 FEET SOUTHWESTERLY FROM THE NORTHEASTERLY LINE OF SAID PUEBLO LOT; THENCE SOUTH 35°49'30" EAST ALONG SAID PARALLEL LINE, 100.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3:

AN EASEMENT AND RIGHT OF WAY FOR SEWER PIPE LINES AND APPURTENANCES THERETO OVER THAT PORTION OF LOT 1 OF BAYVIEW DRIVE IN THEATRE TRACT, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 3465, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND.

BEGINNING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF THE 10.00 FOOT SEWER EASEMENT WITH THE NORTHEASTERLY LINE OF SAID LOT 1, AS SHOWN ON SAID MAP NO. 3465; THENCE NORTH 53°51'40" WEST, 16.78 FEET TO AN ANGLE POINT IN SAID BOUNDARY LINE OF SAID LOT 1; THENCE ALONG SAID BOUNDARY LINE, SOUTH 36°14' WEST 200.00 FEET TO ANGLE POINT THEREIN; THENCE SOUTH 53°51'40' EAST 30.00 FEET, MORE OR LESS, TO A POINT IN SAID CENTER LINE OF THE 10.00 FOOT SEWER EASEMENT AS SHOWN ON SAID MAP NO. 3465; THENCE NORTH 32°20'30" EAST ALONG SAID CENTER LINE TO THE POINT OF BEGINNING.

APN: 441-250-22-00

Exhibit B

ASSIGNMENT OF PERSONAL PROPERTY AND ASSIGNMENT AND ASSUMPTION OF CONTRACTS

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby expressly acknowledged, Anjali Enterprise LLC, a Washington limited liability company ("Assignor"), hereby grants, conveys, transfers and assigns to the San Diego Housing Commission ("Assignee"), all of Assignor's right, title and interest in and to:

(a) all occupancy agreements, if any, of space in the real property more particularly described in Exhibit "1" attached hereto and by this reference made a part hereof ("Real Property");

(b) the Contracts, as defined in that certain Purchase and Sale Agreement between the parties dated as of August 1, 2022 (the "PSA"), attached hereto as Exhibit D to the PSA; and

(c) the Personal Property, as defined in the PSA.

The Personal Property is being transferred to Assignee without any representation or warranty of any kind or nature whatsoever, including, without limitation, as to any representations or warranties as to merchantability or fitness for a particular purpose.

Assignee agrees to perform or cause to be performed Assignor's obligations, if any, under the Contracts from and after the date of this instrument.

Each of Assignor and Assignee hereby covenants that they will, at any time and from time to time upon written request therefor, execute and deliver to the other, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which the other, its successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its successors and/or assigns, to realize upon or otherwise enjoy any such assets, or to effect the allocation of responsibility for performance under the Contracts.

The provisions of this Assignment of Personal Property and Assignment and Assumption of Contracts shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Personal Property and Assignment and Assumption of Contracts as of the _____ day of _____, 2023.

ASSIGNOR:

Anjali Enterprises, LLC, a Washington limited liability company

By: _____

Name: _____

Its: _____

ASSIGNEE:

San Diego Housing Commission

By: _____

Jeff Davis, Interim President & CEO

Approved as to Form:

Christensen & Spath LLP

By: _____

Walter F. Spath III, Esq.

Assignee General Counsel

Exhibit C

Property Documents

Seller makes no representation that any of the following exist; and Seller has no obligation to create or obtain any of the following that do not exist on the Effective Date of the Agreement.

Operating Statements:

- Year Ending 2021
- Year Ending 2020
- Year Ending 2019

Year-to-Date Operating Statements

Disclosure Reports

- Natural Hazard Zone

Property Tax Bill History (2019-Present)

Major Capital Contracts (2019-Present)

Site Map and Floorplans

HVAC Count

Insurance Loss Reports

Current Salary Schedule (Monthly)

Business License and Permits

Certificate of Occupancy

All active Contracts, including Service Contracts, management contracts, franchise contracts, and all contracts for which payments are owed, will be owed at or after the Closing.

Gas and Electric Utility History (2019-Present)

Utility Bills (2019-Present)

Capital Expenditures (2019-Present) – General Ledger Detail

Drawings, Plans and Specifications, including as-builts

Exhibit D

Contracts

PROVIDER	SERVICE

Attachment 6



April 24, 2023

Anjali Enterprise LLC
c/o Kishor Mungra
kishor.mungra@gmail.com

Re: **Extension of Closing Deadline**
Ramada - 3737-3747 Midway Drive, San Diego

Dear Mr. Mungra:

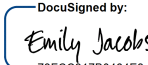
Anjali Enterprise LLC, a Washington limited liability company (“Seller”), and the San Diego Housing Commission (“Purchaser”) are all of the parties to that certain Purchase and Sale Agreement dated as of August 1, 2022 (“PSA”). All terms in capitals set forth in this letter shall have the meanings set forth in the PSA. Section 11 of the PSA provides that written notice includes notice by email.

The definition of “Closing Date” set forth in Section 2 of the PSA provides “The Closing shall occur on or before August 1, 2023. Notwithstanding the foregoing, if prior to such deadline, the Purchaser provides written notice to the Seller of the Purchaser’s extension of the closing deadline, then the Closing deadline shall be extended to February 1, 2024.”

This letter is such written notice of the Purchaser’s extension of the closing deadline. The Purchaser hereby extends the closing deadline to February 1, 2024.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

DocuSigned by:

Emily S. Jacobs
Executive Vice President
Real Estate Division
San Diego Housing Commission