



EXECUTIVE SUMMARY

MEETING DATE: July 19, 2024

HCR24-063

SUBJECT: Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing for Studio 15

COUNCIL DISTRICT: 3

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

REQUESTED ACTION:

Take the initial steps to issue up to \$40,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$3,000,000 in taxable bonds to facilitate the acquisition and rehabilitation of a 274-unit affordable housing development at 1475 Imperial Ave. in the Downtown Community Planning Area, in Council District 3, which will consist of 272 units affordable for 55 years for individuals earning 40 percent to 60 percent of San Diego's Area Median Income and two unrestricted managers' units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The Studio 15 Apartments property at 1475 Imperial Ave., San Diego, California, includes a five-story apartment building, a subterranean parking garage, and site improvements.
- Originally constructed in 2009, the property is 15 years old and, to date, has not undergone any major renovation.
- The scope of the rehabilitation is planned to include interior unit improvements and upgrades to existing mechanical, electrical and plumbing systems, energy-efficient light fixtures, low-flow plumbing fixtures, new energy-efficient appliances, cabinet upgrades, new countertops, new flooring, and new energy-efficient windows. Unit utilities will be upgraded to all-electric, including stove, heat, and water.
- Common area improvements will include new finishes and upgrades to existing common areas. Americans with Disabilities Act (ADA) improvements are planned for existing walkways/paths that do not meet current ADA standards. There will be further improvements to the below-grade garage area, garage entrance, exterior facade of the building, and solar enhancements. Additionally, the building HVAC system will be upgraded, central boilers replaced, storage and expansion tanks replaced, the sanitary sewer lines will be repaired, and the elevator will be upgraded. One existing restricted studio unit will be converted to an unrestricted manager's unit.
- The property's location provides convenient access to transit, schools and groceries.
- Compass for Affordable Housing is the current service provider for the property and will continue to provide life-enhancing resident services, activities and programs to all low-income households at Studio 15 during their residency at no charge to the tenants.
- The estimated total development cost is \$72,217,369 (\$263,567/unit).
- Affirmed Housing is the developer.
- During the tax credit compliance period, Studio 15 will be owned by Studio 15 II, L.P., a California limited partnership (a single-asset limited partnership) consisting of: AHG Studio 15 II, LLC. as the Administrative General Partner and Housing Development Partners of San Diego, the Housing Commission's nonprofit affiliate, as the Managing General Partner. The tax credit limited partner has yet to be selected.



REPORT

DATE ISSUED: July 11, 2024

REPORT NO: HCR24-063

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of July 19, 2024

SUBJECT: Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing for Studio 15

COUNCIL DISTRICT: 3

Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings are scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on July 19, 2024, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that these hearings not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.

REQUESTED ACTION

Take the initial steps to issue up to \$40,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$3,000,000 in taxable bonds to facilitate the acquisition and rehabilitation of a 274-unit affordable housing development at 1475 Imperial Ave. in the Downtown Community Planning Area, in Council District 3, which will consist of 272 units affordable for 55 years for individuals earning 40 percent to 60 percent of San Diego's Area Median Income and two unrestricted managers' units.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions, as described in this report:

- 1) Approve the following steps to issue up to \$40,000,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds and \$3,000,000 in taxable bonds to facilitate Studio 15 II, L.P.'s acquisition and rehabilitation of Studio 15 at 1475 Imperial Ave. in the Downtown Community Planning Area, which will consist of 272 units affordable for 55 years for individuals earning 40 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$40,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Studio 15 by Studio 15 II, L.P.
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$40,000,000 for Studio 15.

- c. Approve the financing team of Jones Hall as the Bond Counsel and CSG Advisors, Inc. as the Financial Advisor.
- 2) Authorize the Housing Commission’s President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.
- 3) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$40,000,000 to facilitate the acquisition and rehabilitation of Studio 15.

SUMMARY

Table 1 – Development Details

Address	1475 Imperial Ave., San Diego, CA 92101
Council District	3
Community Plan Area	Downtown Community Planning Area
Developer	Affirmed Housing
Development Type	Preservation; Acquisition & Rehabilitation
Construction Type	Five stories Type V (wood frame) over Type III (concrete) below grade podium/parking garage
Parking Type	61 standard spaces and three accessible spaces for people with disabilities for a total of 64 parking spaces in a subterranean parking garage.
Local Amenities	<p>Mass Transit: The nearest bus stops are east on Imperial Avenue (Stop IDs: 11258 and 10115). The 12th and Imperial Transit Center is 0.2 of a mile west and provides access to the Orange, Green, Blue, and Silver Trolley lines.</p> <p>Grocery: Walmart Neighborhood Market is 0.4 of a mile east. Albertsons, Grocery Outlet, and Smart & Final are approximately 0.4 of a mile north.</p> <p>Schools: The Charter School of San Diego is 0.3 of a mile northeast, and E3 Civic High is 0.3 of a mile northwest. Lindsay Community School is 0.4 of a mile east. Sherman Elementary School is 0.5 of a mile northeast.</p>
Housing Type	Low-income households
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	0.626 Acres
Units	272 affordable units and two unrestricted managers’ units
Density	438 units/acre; (274 units ÷ 0.626 acres)
Unit Mix	274 Total Units:

	272 restricted studio units; 2 unrestricted one-bedroom manager’s units
Gross Building Area	121,651 square feet
Net Rentable Area	72,442 square feet
Affordable Units in Service by Council District	Council District 3 includes 8,414 affordable rental housing units currently in service, which represents 31 percent of the 26,891 affordable rental housing units in service citywide.

The Development

The Studio 15 Apartments property at 1475 Imperial Ave., San Diego, California, includes a five-story apartment building, a subterranean parking garage, and site improvements. (Site Map – Attachment 1) The apartment building currently contains a total of 275 units consisting of 274 studios and a single one-bedroom manager’s unit. It is situated on a rectangular-shaped site spanning approximately 27,272 square feet. Among the apartments are 274 studio units ranging in size from 249 to 493 square feet and a one-bedroom manager’s unit with approximately 793 square feet in size. The Developer is proposing to combine two studio units to create another one-bedroom manager’s unit in order to provide a higher level of service to the residents. This will change the unit mix to 272 restricted units and two unrestricted one-bedroom manager’s units for a total of 274 units.

Originally constructed in 2009, the property is 15 years old and, to date, has not undergone any major renovation. Each unit includes a two-burner stovetop, microwave, and under-counter refrigerator. Common area amenities include a theater room, community dining/lounge area, Wi-Fi room, full-size community kitchen, community laundry facility, controlled access parking, and bike storage. The scope of the rehabilitation is planned to include interior unit improvements and upgrades to existing mechanical, electrical and plumbing systems, energy-efficient light fixtures, low-flow plumbing fixtures, new energy-efficient appliances, cabinet upgrades, new countertops, new flooring, and new energy-efficient windows. Unit utilities will be upgraded to all-electric, including stove, heat, and water. Common area improvements will include new finishes and upgrades to existing common areas. Americans with Disabilities Act (ADA) improvements are planned for existing walkways/paths that do not meet current ADA standards. There will be further improvements to the below-grade garage area, garage entrance, exterior facade of the building, and solar enhancements. Additionally, the building HVAC system will be upgraded, central boilers replaced, storage and expansion tanks replaced, the sanitary sewer lines will be repaired, and the elevator will be upgraded. One existing restricted studio unit will be converted to an unrestricted manager's unit. A scope of proposed rehabilitation work is included as Attachment 2.

Studio 15 will consist of 272 restricted studios and two unrestricted one-bedroom manager’s units. Twenty-seven units will be restricted to households earning up to 40 percent of AMI; 147 units will be restricted to households earning up to 50 percent of AMI; and 98 units will be restricted to households earning up to 60 percent of AMI.

Services

Compass for Affordable Housing is the current service provider for the property and will continue to provide life-enhancing resident services, activities and programs to all low-income households at Studio 15 during their residency. Services will be provided on-site and at no charge to the tenants.

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Studio 15 Preliminary Bond Authorization and TEFRA Hearing

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Services will include adult educational, health and wellness or skill building classes. This includes but is not limited to financial literacy, computer training, resume building, English as a Second Language (ESL), nutrition, exercise, health, information/awareness, art, parenting, on-site food cultivation and preparation, and smoking-cessation classes. The aforementioned will be a minimum of 60 hours of instruction annually. Services will further include career building, job readiness, computer education, human services, civic involvement, contract management, and community leadership and safety.

Prevailing Wages

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

Appraisal

The current value of the property in the pro forma represents the amount of current debt owed. Based on California Tax Credit Allocation Committee (CTCAC) regulations, resyndication projects such as Studio 15, can value the acquisition cost based on the amount of outstanding debt on the property or through an appraisal. Even though the developer is using the amount of debt owed, the developer has requested an appraisal, which is expected by mid-late July 2024. Once received, any updates will be captured as part of the financial summary in the Housing Commission staff report at final bond authorization.

Relocation

The resyndication of Studio 15 will involve the substantial rehabilitation of many elements of the built improvements, including the building envelope, plumbing systems, roof, landscaping, common areas, site access, and unit interiors. The proposed scope of work may require the temporary relocation of households while unit interiors are remodeled.

The property management company, Solari Enterprises, will interview all households to determine the specific needs of each case related to transportation, employment, schools, shopping and services, and any other basic needs the household may have. Special consideration will also be given to health needs that may be encountered.

None of the existing households at Studio 15 will require permanent relocation as a result of the rehabilitation.

Affirmed Housing, Solari, and the General Contractor will collaborate to determine the best schedule for all parties involved. At this point, it is anticipated that the total rehabilitation will require approximately 24 months to complete. All exterior remodeling for Studio 15 is expected to be accomplished while households maintain occupancy of their units. Unit interior remodeling will take place on a rolling schedule, with approximately 10-12 units every three to four weeks. It is expected that residents may need to vacate their unit for 15 to 20 nights while the unit remodeling occurs.

Solari and Affirmed Housing will ensure that all Studio 15 households are offered relocation assistance that complies with all rules and regulations outlined in the relocation plan. The goal is to make the process as simple as possible for residents as they anticipate the completion of their newly remodeled unit and revitalized, energy-efficient community. The proposed relocation budget is \$962,500 or \$3,500 per unit. The budget includes a hotel stipend of \$155 per night per room and a food stipend of \$25 per

person per day. The proposed budget is based on expenses incurred at similar rehabilitation projects in the area that are currently underway. A third-party relocation consultant will be engaged as needed, if bonds are allocated to this project.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. Studio 15’s units will be accessible in accordance with the Americans with Disabilities Act and Section 504.

Project Sustainability

Studio 15 will be renovated in conformance with CTCAC minimum energy-efficiency standards. Rehabilitation will include low-flow plumbing fixtures, electrical fixtures in the units and throughout the common areas, energy-efficient appliances, additional solar on the roof, and energy-efficient boilers.

Development Team

During the tax credit compliance period, Studio 15 will be owned by Studio 15 II, L.P., a California limited partnership (a single-asset limited partnership) consisting of: AHG Studio 15 II, LLC. as the Administrative General Partner and Housing Development Partners of San Diego, the Housing Commission’s nonprofit affiliate, as the Managing General Partner. The tax credit limited partner has yet to be selected. (Attachment 3 – Organization Chart).

The developer, Affirmed Housing, is a for-profit that develops and operates affordable and supportive housing. Headquartered in San Diego, Affirmed Housing has developed affordable communities throughout California for close to 30 years and has successfully completed projects on physically and environmentally challenged sites. To date, Affirmed Housing has developed/completed 70 affordable communities nationwide. Affirmed Housing has extensive experience developing a number of affordable projects in San Diego.

Based upon the developer’s experience and past performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed project.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing
Owner/Borrower	Studio 15 II, L.P.
Managing General Partner	Housing Development Partners of San Diego, the Housing Commission’s nonprofit affiliate
Tax Credit Investor Limited Partner	To be determined
Architect	BASIS Architecture
General Contractor	HA Builder
Property Management	Solari Enterprises, Inc
Construction and Permanent Lender	To be determined
Tenant Services Providers	Compass for Affordable Housing

Property Management

Solari Enterprises, Inc., will manage Studio 15. Solari is a full-service property management organization, specializing in multifamily affordable housing. Solari manages a total of 161 developments throughout California. Solari’s portfolio includes affordable housing developed for families, seniors, persons with special needs, persons with HIV/AIDS, single-room occupancy residents, supportive housing with specific populations such as veterans and previously unhoused households, as well as a business park and commercial properties throughout California. Solari manages several projects in San Diego and has experience working with the Housing Commission.

FINANCING STRUCTURE

Studio 15 has an estimated total development cost of \$72,217,369 (\$263,567/unit).

Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for the Studio 15 rehabilitation. The proposed financing structure will preserve the property’s affordable status for a new 55-year term.

Table 3 – Estimated Sources and Uses of Financing

Financing Sources	Amount	Financing Uses	Amount	Per Unit	Per Sq. Ft
Bond Financed Permanent Loan (Tax-Exempt)	\$18,450,000	Acquisition	\$31,000,000	\$112,139	\$428
City of San Diego Assumption	\$17,397,999	Rehabilitation Costs	\$22,050,000	\$80,474	\$304
City of San Diego Assumption – Accrued Interest	\$7,260,969	Contingency	\$1,764,000	\$6,438	\$24
4% Tax Credit Equity	\$24,655,249	Relocation	\$962,500	\$3,513	\$13
Deferred Developer’s Fee	\$3,703,152	Soft Costs	\$4,044,099	\$14,759	\$56
NOI During Construction	\$750,000	Financing Costs	\$5,959,500	\$21,750	\$82
		Reserves	\$777,655	\$2,838	\$11
		Developer’s fee	\$5,659,615	\$20,656	\$78
Total Sources	\$72,217,369	Total Uses	\$72,217,369	\$263,567	\$997

The cost to acquire a property assists with the project’s financing by generating tax credits and is included in valuing what an owner may be giving up should the property be sold for lesser value. The current limited partnership has owned the property since it was constructed in 2009 and will transfer ownership to the newly formed limited partnership once the project closes construction financing since, in general, each property forms its own limited partnership.

Developer Fee

\$5,659,615 - Gross Developer Fee
 - \$3,703,152 - Minus Deferred Developer’s Fee
 \$ 1,956,463 - Net Cash Developer’s Fee

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

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$72,217,369 \div 274 \text{ (units)} =$	\$263,567/unit
Development Cost Per Gross Square Foot	$\$72,217,369 \div 121,651$	\$594/sf
Development Cost Per Rentable Square Foot	$\$72,217,369 \div 72,442$	\$997/sf
Housing Commission Subsidy Per Unit	--	\$0
Acquisition Cost Per Unit	$\$31,000,000 \div 274 \text{ (units)} =$	\$113,139/unit
Gross Building Square Foot Hard Cost	$\$22,050,000 \div 121,651 \text{ sq. ft.} =$	\$181/sf
Net Rentable Square Foot Hard Cost	$\$22,050,000 \div 72,442 \text{ sq. ft.} =$	\$304/sf

Project Comparison Chart

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

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

Table 5 – Comparable Development Projects

New Construction Project Name	Year	Units	Prevailing Wage	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Rentable Sq. Ft.	Total Development Cost Per Rentable Sq. Ft.
Proposed Subject – Studio 15	2024	274	N	\$72,217,369	\$263,567	\$0		

\$181

\$997								
Sea Breeze Gardens	2024	268	N	\$156,407,947	\$583,612	\$0	\$82	\$575
Cerro Pueblo	2024	46	N	\$17,635,270	\$383,375	\$0	\$128	\$472
Casa Nueva	2023	52	Y	\$27,896,931	\$536,479	\$103,827	\$196	\$536

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission Board of Commissioners (Board). Housing Commission Board bond inducement resolutions must be obtained prior to application submittal, and

Housing Authority TEFRA resolutions must be secured by the time of project closing. These actions do not obligate the Housing Authority to issue bonds.

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

The developer plans to submit a bond allocation application to CDLAC on August 27, 2024, for a December 11, 2024, bond allocation meeting (dates are subject to change at CDLAC’s discretion). However, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the proposed development.

The developer will be seeking a CDLAC bond allocation of approximately \$40,000,000 in tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego’s (City) ordinance on bond disclosure. The developer proposes that the bonds will be used to provide construction and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Jones Hall as Bond Counsel and CSG Advisors as Bond Financial Advisor to work on the development. The proposed bond financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission’s Bond Program Policy.

AFFORDABLE HOUSING IMPACT

Affordability

The Studio 15 development will be subject to applicable tax credit and bond regulatory agreements that will preserve the property’s affordable status and restrict affordability of 272 units for a new 55-year term. CTCAC rent and occupancy restrictions will apply. Based on the developer’s pro forma, proposed rents at Studio 15 reflect the current rents charged to residents, which are lower than the 2024 CTCAC rent limits.

Table 6 – Current Affordability & Monthly Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studio	40% (\$42,450/year for one-person household)	27	\$818
Studio	50% (\$53,050/year for one-person household)	147	\$1,022
Studio	60% (\$63,660/year for one-person household)	98	\$1,226
Subtotal Studio Units		272	
One-Bedroom Manager’s Unit	--	2	--
Total Units	--	274	--

FISCAL CONSIDERATIONS

The funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2025 Housing Commission Budget.

Funding sources approved by this action will be as follows

Bond Issuer Fee – (\$40,000,000 (Tax-exempt bonds) + \$3,000,000 (Taxable bonds)) X 0.0025 = \$107,500
 Total Funding Sources – up to \$107,500

Funding uses approved by this action

Administrative costs - \$107,500
 Total Funding Uses - up to \$107,500

Housing Commission approval of the bond inducement resolution and holding a TEFRA hearing does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

Estimated Development Schedule

The estimated development timeline is as follows.

<u>Milestones</u>	<u>Estimated Dates</u>
• CDLAC bond and CTCAC tax credit applications	• August 27, 2024
• CDLAC and CTCAC allocation meetings	• December 11, 2024
• Housing Commission final bond authorization	• April 2025
• Housing Authority final bond authorization	• May 2025
• Estimated Bond issuance and escrow closing	• June 2025
• Estimated start of construction work	• June 2025
• Estimated completion of construction work	• June 2027

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Affirmed Housing confirmed its commitment to advancing equity and inclusion throughout the development and operation of the project. Affirmed Housing demonstrates a commitment to advancing diversity, equity and inclusion (DEI) efforts by ensuring that DEI policies, initiatives, and practices are intentionally imbedded in all that they do.

HOUSING COMMISSION STRATEGIC PLAN

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

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed Housing as the developer, the Housing Authority as the bond issuer, the East Village neighborhood, and current and future occupants. Studio 15 will continue to have a positive

impact on the community, as it will contribute to the quality of the surrounding neighborhood and preserve 272 affordable rental homes for low-income individuals.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue Bonds and do not constitute approval of the development activity or authorization for the issuance of Bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

HOUSING DEVELOPMENT PARTNERS CONFLICT DISCLOSURE STATEMENT:

Two San Diego Housing Commissioners (Commissioners), Eugene "Mitch" Mitchell and Ryan Clumpner, and the San Diego Housing Commission's (Housing Commission) President and Chief Executive Officer (President and CEO), Lisa Jones, are each directors of Housing Development Partners (HDP), a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation for federal purposes. Any Commissioner who is also a director of HDP as of the date of this staff report and President and CEO Jones have no conflict of interest as discussed below. San Diego City Councilmember/Housing Authority Member Stephen Whitburn is also a Director of HDP. As a member of the Housing Authority, he has responsibilities for oversight of the Housing Commission. The Councilmember/Housing Authority Member receives no compensation for his service on the HDP Board and/or as an officer of HDP. Pursuant to the provisions of 1091.5(a)(9), the City Councilmember/Housing Authority Member has a non-interest as described in Government Code Section 1091.5 for purposes of his action on Housing Authority matters associated with this matter, if any. This disclosure shall be incorporated into the record of the Housing Authority, if and when this matter is heard by the Housing Authority, if ever.

The Commissioners and President and CEO Jones receive no compensation for their service on HDP's Board of Directors and/or as officers of HDP. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and President and CEO Jones each have a "non-interest" as described in Government Code Section 1091.5 for purposes of their action on Housing Commission matters associated with this matter, if any. This disclosure shall be incorporated into the record of the Housing Commission.

Further, as members of the Housing Commission Board of Commissioners or the Housing Authority, the Commissioners and the Councilmember/Housing Authority Member are legally entitled to vote and be counted for quorum purposes in this matter.

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None of HDP's Board members has a financial interest in this action item that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100 et. seq. Further, the Housing Commission, the Housing Authority, which are both public agencies, and their respective Commissioners are not compensated for their service as Commissioners of the Housing Commission or the Housing Authority. Further, Ms. Jones' compensation from a public agency, the Housing Commission, is a non-interest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq.

Further, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Ms. Jones has any conflicts of interest under the local ethics ordinance that would preclude their, or any of their, actions in this matter or from being counted for quorum purposes.

This disclosure shall be and is hereby documented in the official records of the Housing Commission.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter

Vice President, Multifamily Housing Finance

Real Estate Division

Approved by,

Jeff Davis

Jeff Davis

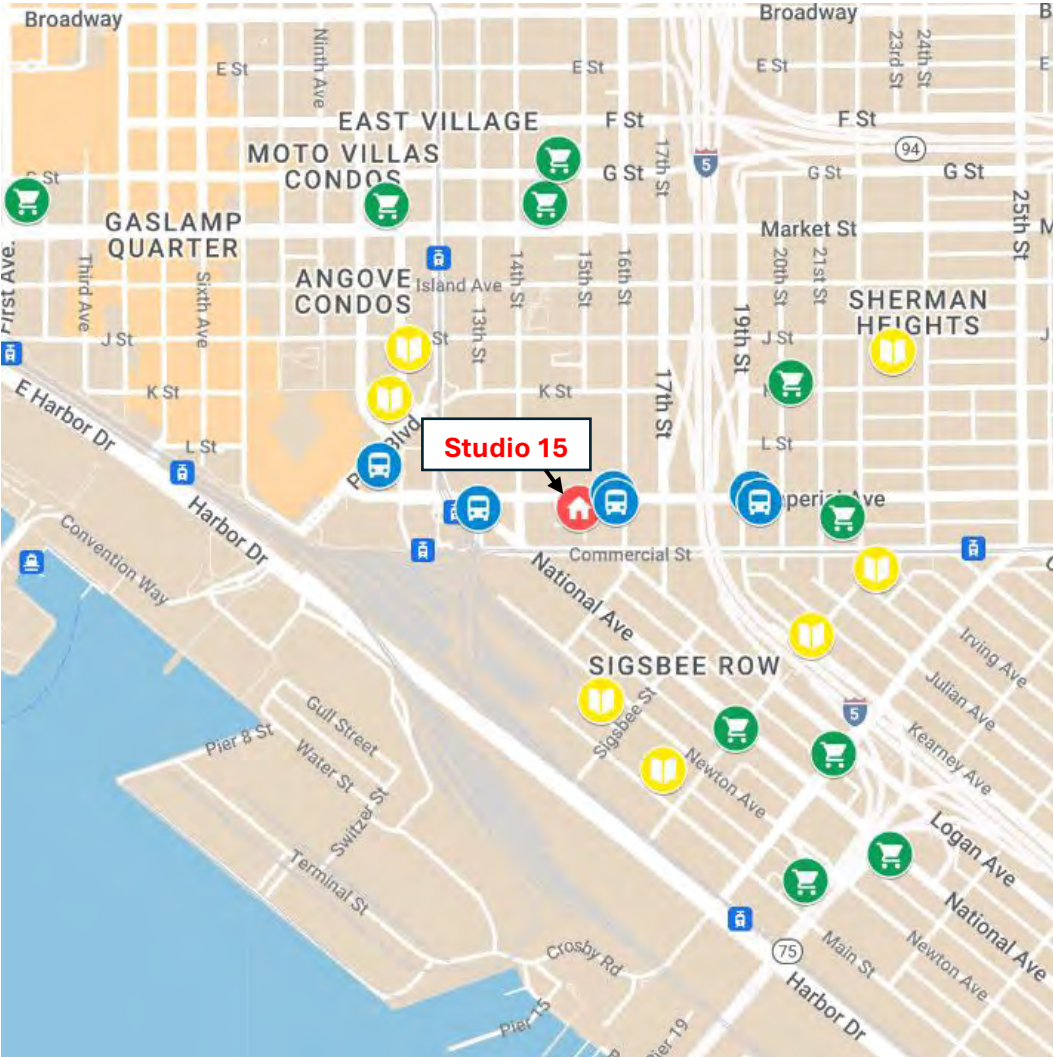
Deputy Chief Executive Officer

San Diego Housing Commission

- Attachments:
- 1) Site Map
 - 2) Scope of Proposed Rehabilitation Work
 - 3) Organization Chart
 - 4) Developer's Project Pro Forma
 - 5) Multifamily Housing Revenue Bond Program
 - 6) Developer's Disclosure Statements

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

Attachment #1 – Site Map



Attachment #2 - Scope of Proposed Rehabilitation Work

The current scope of the rehab is planned to include the following and is subject to change during construction:

Interior unit improvements and upgrades to existing mechanical, electrical, and plumbing systems, energy efficient light fixtures, low-flow plumbing fixture replacements, new energy efficient appliances, cabinet upgrades, new counter tops, new flooring, new energy efficient windows. Rehabilitation will have the goal of modifying unit utilities to all-electric including stove, heat, and water. GFCI outlets around all moisture-prone areas including bathrooms and kitchens will be replaced. Each unit will have appliances, exhaust fans, flooring, light fixtures, and plumbing fixtures replaced.

Common area improvements will include upgrades to the laundry facility, new flooring in the lobby, and new appliances in the community kitchen. There will be ADA improvements/upgrades to existing walkways/paths that don't meet ADA standards including upgrading the laundry facility for ADA compliance.

Improvements are planned for the below grade garage area, entrance to garage, exterior facade of the building, and solar enhancements. Exterior walls will be repaired, sealed, and painted. Building sump pump, central boilers, storage tanks, expansion tanks, and circulating pumps will be replaced. Sanitary sewer lines will be repaired. The elevator will be updated, and the building will receive a new HVAC system.

Two existing restricted studio units will be converted to a one-bedroom unrestricted manager's unit.

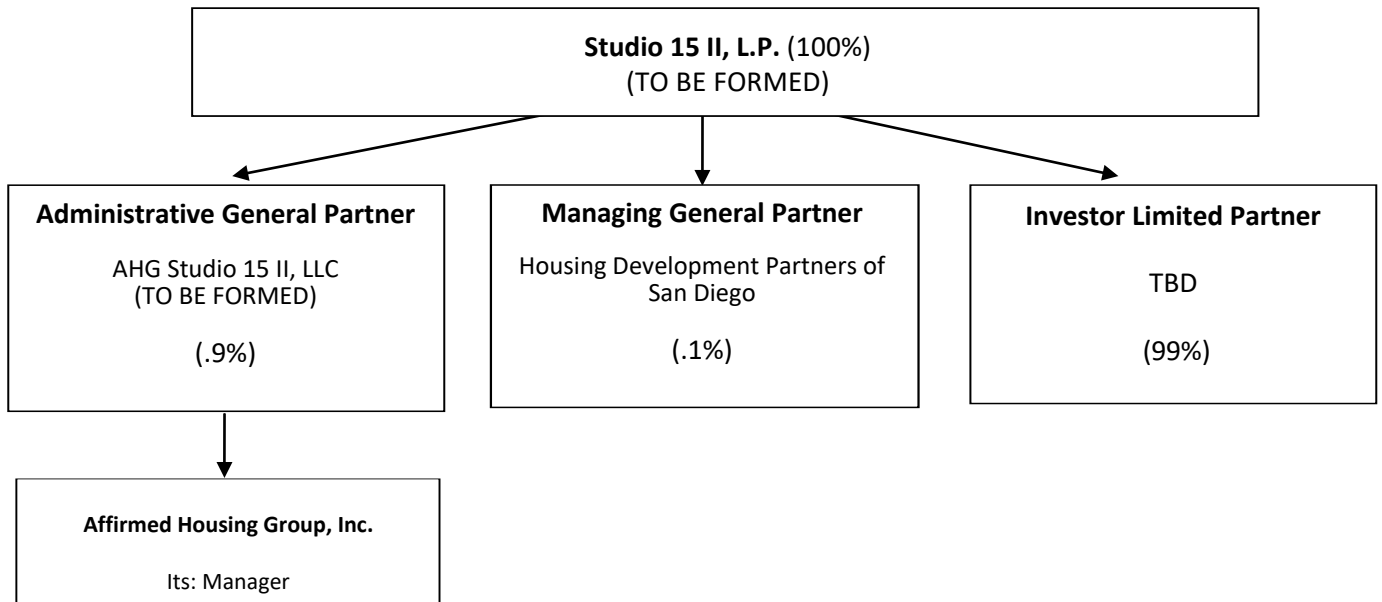
Attachment #3 - Proposed Partnership Organization Chart

Studio 15 II, L.P.

OWNERSHIP STRUCTURE:

Limited Partnership

Affirmed Housing Group, Inc., a Delaware for-profit corporation, will form a Limited Partnership that will be the 100% ownership entity of the affordable housing project. AHG Studio 15 II, LLC, a California single purpose entity will be filed with the state as the Administrative General Partner, owning .9% interest; Housing Development Partners of San Diego will act as the Managing General Partner and will own .1% interest and the The Investor Limited Partner will have 99% interest in the limited partnership. The Borrower entity will be formed, which includes the the non-profit sponsor.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

1. James P. Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Mellody Lock
Director of Development
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Jonathan Taylor
Director of Asset Management
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128

Affirmed Housing Group, Inc. (AHG) will act as the Manager of the Administrative General Partner in the development of the affordable housing project. Affirmed's role of the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

Attachment #4 - Developer's Project Pro Forma

Studio 15 II

70 15th St San Diego, CA 92101

275 Unit Large Family

4% Tax Credits Ac/Rehab Resyndication

6/27/24 Update for SDHC Bond Inducement

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Permanent Loan	\$ 18,450,000	67,091	25.5%
NOI During Construction	\$ 750,000	2,727	1.0%
City of San Diego Assumption	\$ 17,397,999	63,265	24.1%
City of San Diego Assumption - Accrued Interest	\$ 7,260,969	26,404	10.1%
Deferred Developer Fee	\$ 3,703,152	13,466	5.1%
Federal Tax Credit Equity	\$ 24,655,249	89,655	34.1%
TOTAL SOURCES	\$ 72,217,369	262,609	100.0%

USES

Land/Acquisition Cost	\$		
Land/Acquisition Cost	\$ 31,000,000	112,727	42.9%
Total Rehabilitation Costs	\$ 22,050,000	80,182	30.5%
Hard Cost Subtotal	\$ 22,050,000	80,182	30.5%
Construction Contingency	\$ 1,764,000	6,415	2.4%
Architecture & Engineering	\$ 1,125,000	4,091	1.6%
Construction Interest & Fees	\$ 5,884,500	21,398	8.1%
Capitalized Reserves	\$ 777,655	2,828	1.1%
Taxes & Insurance	\$ 350,000	1,273	0.5%
Construction Services	\$ 40,000	145	0.1%
Escrow & Title	\$ 75,000	273	0.1%
Legal Fees/Cost of Issuance	\$ 600,000	2,182	0.8%
Devel Impact Fees & Permits	\$ 150,000	545	0.2%
Tax Credit Fees	\$ 200,000	727	0.3%
Misc. Soft Costs	\$ 1,808,000	6,575	2.5%
Soft Cost subtotal	\$ 11,010,155	40,037	15.2%
Soft Cost Contingency	\$ 733,599	2,668	1.0%
Developer Fee	\$ 5,659,615	20,580	7.8%
TOTAL USES	\$ 72,217,369	262,609	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$18,450,000
Permanent Loan Interest Rate	6.00%
Permanent Loan Term (yr.)	17
Permanent Loan Amort (yr.)	35
Net Operating Income	\$1,462,042
Debt Service	\$1,262,400
Debt Coverage Ratio	1.16
Construction Loan Amt (TE)	\$35,000,000
Construction Loan Interest Rate	7.50%
Construction Loan Term (mo.)	24
Construction Loan Amt (Taxable)	\$2,140,240
Construction Loan Interest Rate (Taxable)	7.50%
Construction Loan Term (mo.)	6

INCOME

Type	Qty.	%AMI	Net Income	Total Income
Studio	27	40%	\$ 818	\$ 22,086
Studio	147	50%	\$ 1,022	\$ 150,234
Studio	99	60%	\$ 1,226	\$ 121,374
STUDIO MGR	1		\$ -	\$ -
1BR MGR	1		\$ -	\$ -
TOTAL	275			\$ 293,694
Annual Residential Income				\$ 3,524,328
Excess PBV Income				\$ -
Other Income				\$ 44,650
Total Gross Annual Income				\$ 3,568,978
Vacancy @		5.0%		\$ (176,216)
TOTAL NET ANNUAL INCOME				\$ 3,392,762

EXPENSES

Administrative	\$ 1,133	\$ 311,600
Management	\$ 768	\$ 211,200
Utilities	\$ 1,740	\$ 478,400
Payroll	\$ 455	\$ 125,020
\$	\$ -	\$ -
Maintenance	\$ 482	\$ 132,500
	\$ -	\$ -
Subtotal	\$ 4,577	\$ 1,258,720
Resident Services	\$ 545	\$ 150,000
Replacement Reserves	\$ 300	\$ 82,500
Real Estate Taxes	\$ 29	\$ 8,000
Legal/Insurance Reserve:	\$ -	\$ -
Other: Issuer & Monitoring Fees	\$ 186	\$ 51,250
ANNUAL EXPENSES	\$ 1,550,470	

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$2,830,033
Federal Tax Credit Pricing	\$0.88
State Tax Credits Requested	N/A
State Tax Credit Pricing	N/A
LP Interest	99.00%
Applicable Rate	4.00%
50% Test	53.25%

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS

Studio 15 II

Basis Limits Used: **TCAC 2024** County: **SAN DIEGO**
 Application Type: **4%** Housing Type: **Large Family**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$353,173	273	\$96,416,229
1	\$407,205	0	\$0
2	\$491,200	2	\$982,400
3	\$628,736	0	\$0
4+	\$700,451	0	\$0
TOTAL UNITS:		275	
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			\$97,398,629
		Yes/No	
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	No	\$0
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	No	\$0
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	No	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	No	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features. If yes, enter total % boost: 0%	No	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: N/A	No	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	No	\$0
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	No	\$0
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; AND (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	No	\$0
4% Projects			
(j)	Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and 50% of AMI. Affordable Units: 273 Total Affordable Units @ 50% to 35% of AMI: 174	64%	\$62,078,247
(k)	Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of AMI. Affordable Units: 273 Total Affordable Units @ 35% of AMI or Below: 0	0%	\$0
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$159,476,876

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit

36.096%

UNADJUSTED THRESHOLD BASIS - 39% TEST

Total of (a), (b), (c), (d), & (h) cannot exceed 39%

0.000%

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CONSTRUCTION & PERMANENT FINANCING
Studio 15 II

<i>Construction Financing</i>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Int. Reserve</i>
Construction Loan (Tax-Exempt)	24	7.50%	35,000,000	5,350,000
Construction Loan (Taxable)	6	7.50%	2,140,240	
NOI During Construction			750,000	
City of San Diego Loan Assumption			17,397,999	
City of San Diego Loan Assumption - Accrued Interest			7,260,969	
Tax Credit Equity (Fed)			5,177,602	
Cost Deferred until Perm			4,490,559	
Total Funds for Construction			72,217,369	

<i>Permanent Financing</i>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Debt Service</i>
Permanent Loan	420	6.0000%	\$18,450,000	1,262,400
NOI During Construction			750,000	
City of San Diego Assumption		3.00%	17,397,999	
City of San Diego Assumption - Accrued Interest			7,260,969	
Deferred Developer Fee			3,703,152	
Total Permanent Financing			47,562,120	
State Tax Credit Equity			-	
Total Sources of Project Funds			72,217,369	

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DEVELOPMENT BUDGET

Studio 15 II

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
LAND COST/ACQUISITION					
Land Value	5,000,000	5,000,000	-	-	-
Land Carry Cost + Misc. Fees	-	-	-	-	-
Land Carry Cost	-	-	-	-	-
Total Land Cost or Value	5,000,000	5,000,000	-	-	-
Existing Improvements Value	26,000,000	26,000,000	-	-	26,000,000
Off-Site Improvements	-	-	-	-	-
Total Acquisition Cost	26,000,000	26,000,000	-	-	26,000,000
Total Land Cost / Acquisition Cost	31,000,000	31,000,000	-	-	26,000,000
REHABILITATION					
Site Work	-	-	-	-	-
Structures	18,500,000	18,500,000	-	18,500,000	-
General Requirements	1,000,000	1,000,000	-	1,000,000	-
Contractor Overhead	775,000	775,000	-	775,000	-
Contractor Profit	775,000	775,000	-	775,000	-
Other: Solar/FFE	-	-	-	-	-
General Liability Insurance/Bond Prem.	1,000,000	1,000,000	-	1,000,000	-
Contractor Contingency	-	-	-	-	-
Total Rehabilitation Costs	22,050,000	22,050,000	-	22,050,000	-
Total Relocation Expenses	962,500	962,500	-	962,500	-
NEW CONSTRUCTION					
Site Work	-	-	-	-	-
Structures	-	-	-	-	-
General Requirements	-	-	-	-	-
Contractor Overhead	-	-	-	-	-
Contractor Profit	-	-	-	-	-
Demolition & Abatement	-	-	-	-	-
Prevailing Wages	-	-	-	-	-
General Liability Insurance/ Bond Prem	-	-	-	-	-
Solar	-	-	-	-	-
Other: Site Security	-	-	-	-	-
Total New Construction Costs	-	-	-	-	-

DEVELOPMENT BUDGET

Studio 15 II

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES					
Design (incl ADA, GPR, etc)	750,000	750,000	-	750,000	-
Green Rater	100,000	100,000	-	100,000	-
Total Architectural Costs	850,000	850,000	-	850,000	-
Total Survey and Engineering	275,000	275,000	-	275,000	-
CONST. INTEREST & FEES					
Construction Loan Interest (TE)	4,050,000	4,050,000	-	486,000	-
Origination Fee	350,000	350,000	-	350,000	-
Cost of Issuance	300,000	300,000	-	-	-
Taxes	-	-	-	-	-
Insurance	350,000	350,000	-	350,000	-
Title and Recording	75,000	75,000	-	75,000	-
Construction Service Fees (Bank)	40,000	40,000	-	40,000	-
Other: Const Mgmt & Deputy Services	-	-	-	-	-
Other:	-	-	-	-	-
Total Const. Interest & Fees	5,165,000	5,165,000	-	1,301,000	-

PERMANENT FINANCING					
Loan Origination Fee	184,500	184,500	-		
Credit Enhancement/Application Fee	-	-	-		
Title and Recording					
Taxes					
Insurance	-	-	-		
Other:					
Other: Interest Prior to Conversion	1,300,000	1,300,000	-		
Total Perm. Financing Costs	1,484,500	1,484,500	-		
LEGAL FEES					
Lender Legal Pd. by Applicant	150,000	150,000	-	127,500	-
Other : Partnership & Transaction	150,000	150,000	-	45,000	-
Total Attorney Costs	300,000	300,000	-	172,500	-
RESERVES					
Rent Reserves	-	-	-		
Transition Reserve					
*3- Month Operating Reserve	777,655	777,655	-		
Other:					
Total Reserve Costs	777,655	777,655	-		

DEVELOPMENT BUDGET

Studio 15 II

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
Total Appraisal Costs	8,000	8,000	-	8,000	-
Total Hard Cost Contingency	1,764,000	1,764,000	-	1,764,000	-
OTHER PROJECT COSTS					
TCAC App/Allocation/Monitoring	200,000	200,000	-		
Environmental Audit	50,000	50,000	-	50,000	-
Local Dev. Impact Fees	-	-	-	-	-
Permit Fees	150,000	150,000	-	150,000	-
Marketing	40,000	40,000	-		
Furnishings, Fixtures, Equipment	687,500	687,500	-	687,500	-
Market Study	25,000	25,000	-	25,000	-
Accounting/Reimbursables	35,000	35,000	-	35,000	-
Soft Cost Contingency	733,599	733,599	-	733,599	-
PSH Lease-Up Fees					
Other: Financial Consulting	-	-	-		
Other: Entitlements Consulting	-	-	-		
Other:					
Total Other Costs	1,921,099	1,921,099	-	1,681,099	-
SUBTOTAL PROJECT COST	66,557,754	66,557,754	-	29,064,099	26,000,000
	Total Project Cost	Total Residential	Total Commercial	29,064,099	26,000,000
DEVELOPER COSTS					
Developer Overhead/Profit	5,659,615	5,659,615	-	4,359,615	1,300,000
Consultant/Processing Agent	-	-	-	-	-
Project Administration	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-
Other: (Specify)					
Total Developer Costs	5,659,615	5,659,615	-	4,359,615	1,300,000
TOTAL PROJECT COSTS	72,217,369	72,217,369	-	33,423,714	27,300,000
				33,423,714	27,300,000

ELIGIBLE AND QUALIFIED BASIS
Studio 15 II

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	33,423,714	27,300,000
Ineligible Amounts	-	
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
Total Ineligible Amounts:	-	-
Total Eligible Amount Voluntarily Excluded:		-
Total Basis Reduction:	-	-
Total Requested Unadjusted Eligible Basis:	33,423,714	27,300,000
Total Adjusted Threshold Basis Limit		159,476,876
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	43,450,828	27,300,000
Applicable Fraction:	100%	100%
Qualified Basis	43,450,828	27,300,000
Total Qualified Basis		70,750,828
**Total Credit Reduction:	-	0
Total Adjusted Qualified Basis:		70,750,828

*130% boost if your project is located in a DDA or QCT

**to be calculated in "Points System"

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BASIS AND CREDITS

Studio 15 II

	New Construction /Rehabilitation	Acquisition	
Adjusted Qualified Basis, After Credit Reduction:	43,450,828	27,300,000	
Applicable Percentage - 30% PV (4%, varies)	4.00%	4.00%	
Project's Applicable Percentage:	4.00%	4.00%	
Subtotal Annual Federal Credit:	1,738,033	1,092,000	
Total Combined Annual Federal Credit:		2,830,033	← \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	72,217,369		
Permanent Financing	47,562,120		
Funding Gap	24,655,249	0.880	Equity Pricing
Federal Tax Credit Factor **	0.87	99.00%	LP Interest
Total Credits Necessary for Feasibility	28,300,331		
Annual Federal Credit Necessary for Feasibility	2,830,033		
Maximum Annual Federal Credits	2,830,033		
Equity Raised From Federal Credit	24,655,249		
Remaining Funding Gap	0		

BASIS AND CREDITS: STATE

Determination of State Credit	NC/Rehab	Acquisition	
Adjusted Qualified Basis	33,423,714	-	
Factor Amount *	30%	13%	
Maximum Total State Credit	10,027,114	-	
Determination of Minimum State Credit Necessary for Feasibility			
State Tax Credit Factor **	-	99.00%	Equity Pricing
Maximum Total State Credit	10,027,114		LP Interest
State Credit Necessary for Feasibility	-		
Equity Raised from State Credit	-		
Remaining Funding Gap	0		

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PROJECT INCOME INFORMATION
Studio 15 II

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent Less Utilities	(d) Total Monthly Rents (bxc)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Mediam Income	PBVs Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
Studio	27	\$ 818	\$ 22,086	\$ -	\$ 818	40%	\$ -	\$ -	\$ -
Studio	147	\$ 1,022	\$ 150,234	\$ -	\$ 1,022	50%	\$ -	\$ -	\$ -
Studio	99	\$ 1,226	\$ 121,374	\$ -	\$ 1,226	60%	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
1BR		\$ -	\$ -	\$ -		30%	\$ -	\$ -	\$ -
1BR		\$ -	\$ -	\$ -		40%	\$ -	\$ -	\$ -
1BR		\$ -	\$ -	\$ -		50%	\$ -	\$ -	\$ -
1BR		\$ -	\$ -	\$ -		60%	\$ -	\$ -	\$ -
2BR		\$ -	\$ -	\$ -		30%	\$ -	\$ -	\$ -
2BR		\$ -	\$ -	\$ -		50%	\$ -	\$ -	\$ -
2BR		\$ 1,636	\$ -	\$ -	\$ 1,636	60%	\$ -	\$ -	\$ -
2BR		\$ 2,182	\$ -	\$ -	\$ 2,182	80%	\$ -	\$ -	\$ -
3BR		\$ -	\$ -	\$ -		30%	\$ -	\$ -	\$ -
3BR		\$ -	\$ -	\$ -		40%	\$ -	\$ -	\$ -
3BR		\$ -	\$ -	\$ -		50%	\$ -	\$ -	\$ -
3BR		\$ -	\$ -	\$ -		60%	\$ -	\$ -	\$ -
4BR		\$ 2,812	\$ -	\$ -	\$ 2,812	80%	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
1BR MGR	2	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
3BR MGR		\$ -	\$ -	\$ -		MKT	\$ -	\$ -	\$ -
Affordable Units	273	Total Rent	\$ 293,694					Total Tranche B:	\$ -

Aggregate Monthly Rents for All Units:	\$ 293,694
Aggregate Annual Rents for All Units:	\$ 3,524,328

Avg Affordability	52.64%
--------------------------	--------

Total Affordable Plus Manager Units: **275**

Annual Income from Laundry Facilities	\$ 34,650	10.50 per unit per month
Annual Income from Vending Machines	-	
Annual Interest Income	-	
Other Annual Income (Specify)	10,000	
Total Miscellaneous Income:	\$ 44,650	
Total Annual Potential Gross Income:	\$ 3,568,978	

Excess PBV Income **\$ -**

Total Gross Annual Income **\$ 3,568,978**

Utility Allowances	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:					-
Water Heating:	-	-	-	-	-
Cooking:	-	-	-	-	-
Lighting:		-	-	-	-
Electricity:	-	-	-	-	-
Water:*	-	-	-	-	-
AC	-	-	-	-	-
other	-	-	-	-	-
Total:	-	-	-	-	-

**Owner paid utilities*

ANNUAL RESIDENTIAL OPERATING EXPENSES
Studio 15 II

		Per Unit	
Administrative	Advertising:	2,000	7
	Legal:	15,600	57
	Accounting/Audit:	21,000	76
	Security:	185,000	673
	General Office Costs:	88,000	320
	Total Administrative:	311,600	1,133
Management	Total Management Fee:	211,200	768
Utilities	Fuel:	-	-
	Gas:	37,950	138
	Electricity:	200,100	728
	Water/Sewer:	240,350	874
	Total Utilities:	478,400	1,740
Payroll / Payroll Taxes	On-site Manager(s):	162,000	589
	Maintenance Personnel:	130,500	
	Other: Payroll Burden/Taxes	87,750	319
	Total Payroll/Payroll Taxes:	380,250	1,383
	Total Insurance:	125,020	455
			-
Maintenance	Painting:	10,000	36
	Repairs:	35,000	127
	Trash Removal:	45,000	164
	Exterminating:	35,000	127
	Grounds:	7,500	27
	Other: Elevator		-
	Other: Cleaning & Building Supplies		-
	Total Maintenance:	132,500	482
Other Expenses	Other:		-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Total Other:	0	-
Total Expenses			
Total Annual Residential Operating Expenses:		1,638,970	
Total Number of Units in the Project:		275	
Total Annual Operating Expenses Per Unit:		5,960	4,900 min per unit
Total 3-Month Operating Reserve:		777,655	
Legal/Insurance Reserve:			
Total Annual Service Amenities Budget (Res Serv Coordinator):		150,000	545 per unit
Total Annual Reserve for Replacement:		82,500	300 per unit
Total Annual Real Estate Taxes:		8,000	
Other: Issuer & Monitoring Fees		51,250	
TOTAL:		1,930,720	7,021 per unit 585 per month
Commercial Income			
Total Annual Commercial/Non Residential Revenue:		-	
Total Annual Commercial/Non Residential Expenses:		-	
Total Annual Commercial/Non Residential Debt Service:		-	
Total Annual Commercial/Non Residential Net Income:		-	

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15-YEAR CASH FLOW PROJECTION

Studio 15 II

	Inflation Factor	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	Year 11 2037	Year 12 2038	Year 13 2039	Year 14 2040	Year 15 2041
Rental Income	2.5%	3,524,328	3,612,436	3,702,747	3,795,316	3,890,199	3,987,454	4,087,140	4,189,318	4,294,051	4,401,403	4,511,438	4,624,224	4,739,829	4,858,325	4,979,783
PBV INCOME IF APPLICABLE	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS POTENTIAL REVENUE		3,524,328	3,612,436	3,702,747	3,795,316	3,890,199	3,987,454	4,087,140	4,189,318	4,294,051	4,401,403	4,511,438	4,624,224	4,739,829	4,858,325	4,979,783
Other Income	Vacancy @ 2.5%	176,216 44,650	180,622 45,766	185,137 46,910	189,766 48,083	194,510 49,285	199,373 50,517	204,357 51,780	209,466 53,075	214,703 54,402	220,070 55,762	225,572 57,156	231,211 58,585	236,991 60,049	242,916 61,551	248,989 63,089
TOTAL NET RENTAL INCOME		3,392,762	3,477,581	3,564,520	3,653,633	3,744,974	3,838,598	3,934,563	4,032,927	4,133,751	4,237,094	4,343,022	4,451,597	4,562,887	4,676,959	4,793,883
Advertising:	3.5%	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634	2,726	2,821	2,920	3,022	3,128	3,237
Legal:	3.5%	15,600	16,146	16,711	17,296	17,901	18,528	19,176	19,848	20,542	21,261	22,005	22,776	23,573	24,398	25,252
Accounting/Audit:	3.5%	21,000	21,735	22,496	23,283	24,098	24,941	25,814	26,718	27,653	28,621	29,623	30,659	31,732	32,843	33,993
Security:	3.5%	185,000	191,475	198,177	205,113	212,292	219,722	227,412	235,372	243,610	252,136	260,961	270,094	279,548	289,332	299,458
General Office Costs:	3.5%	88,000	91,080	94,268	97,567	100,982	104,516	108,174	111,961	115,879	119,935	124,133	128,477	132,974	137,628	142,445
Total Management Fee:	3.5%	211,200	218,592	226,243	234,161	242,357	250,839	259,619	268,705	278,110	287,844	297,918	308,346	319,138	330,308	341,868
Gas:	3.5%	37,950	39,278	40,653	42,076	43,548	45,073	46,650	48,283	49,973	51,722	53,532	55,406	57,345	59,352	61,429
Electricity:	3.5%	200,100	207,104	214,352	221,854	229,619	237,656	245,974	254,583	263,493	272,716	282,261	292,140	302,365	312,948	323,901
Water/Sewer:	3.5%	240,350	248,762	257,469	266,480	275,807	285,460	295,452	305,792	316,495	327,572	339,037	350,904	363,185	375,897	389,053
On-site Manager(s):	3.5%	162,000	167,670	173,538	179,612	185,899	192,405	199,139	206,109	213,323	220,789	228,517	236,515	244,793	253,361	262,229
Maintenance Personnel:	3.5%	130,500	135,068	139,795	144,688	149,752	154,993	160,418	166,032	171,844	177,858	184,083	190,526	197,194	204,096	211,240
Other: Payroll Burden/Taxes	3.5%	87,750	90,821	94,000	97,290	100,695	104,219	107,867	111,643	115,550	119,594	123,780	128,112	132,596	137,237	142,040
Total Payroll/Payroll Taxes:	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Insurance:	3.5%	125,020	129,395	133,924	138,612	143,463	148,484	153,681	159,060	164,627	170,389	176,353	182,525	188,913	195,525	202,369
Painting:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Repairs:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738	56,654
Trash Removal:	3.5%	45,000	46,575	48,205	49,892	51,639	53,446	55,316	57,253	59,256	61,330	63,477	65,699	67,998	70,378	72,841
Exterminating:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738	56,654
Total Annual Service Amenities Budget (Res	3%	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587	207,635	213,864	220,280	226,888
Other: Issuer & Monitoring Fees	2.5%	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	64,004	65,604	67,244	68,926	70,649	72,415
Real Estate Taxes	2.0%	8,000	8,160	8,323	8,490	8,659	8,833	9,009	9,189	9,373	9,561	9,752	9,947	10,146	10,349	10,556
Replacement Reserve	0.0%	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500	82,500
TOTAL EXPENSES		1,930,720	1,994,025	2,059,508	2,127,244	2,197,312	2,269,790	2,344,764	2,422,318	2,502,542	2,585,528	2,671,372	2,760,173	2,852,031	2,947,054	3,045,350
Cash Flow Prior to Debt Service (NOI)		1,462,042	1,483,556	1,505,012	1,526,389	1,547,662	1,568,808	1,589,800	1,610,610	1,631,209	1,651,566	1,671,649	1,691,425	1,710,856	1,729,905	1,748,533
DEBT SERVICE - Permanent Loan		1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400	1,262,400
FORECASTED CASH AVAILABLE		199,642	221,156	242,612	263,989	285,262	306,408	327,400	348,209	368,809	389,166	409,249	429,025	448,456	467,505	486,133
Percent of Gross Revenue	8% Max	5.66%	6.12%	6.55%	6.96%	7.33%	7.68%	8.01%	8.31%	8.59%	8.84%	9.07%	9.28%	9.46%	9.62%	9.76%
25% Debt Service Test	Yr 1-3 Max	15.81%	17.52%	19.22%	20.91%	22.60%	24.27%	25.93%	27.58%	29.21%	30.83%	32.42%	33.98%	35.52%	37.03%	38.51%
Debt Coverage Ratio	1.15 Min	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.28	1.29	1.31	1.32	1.34	1.36	1.37	1.39
Cash Available for Fees		199,642	221,156	242,612	263,989	285,262	306,408	327,400	348,209	368,809	389,166	409,249	429,025	448,456	467,505	486,133
Partnership Management Fee	3.0%	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Cash Available for Deferred Developer Fee		174,642	195,406	216,090	236,671	257,125	277,426	297,548	317,463	337,139	356,547	375,651	394,419	412,812	430,792	448,318
Deferred Fee	3,703,152	174,642	195,406	216,090	236,671	257,125	277,426	297,548	317,463	337,139	356,547	375,651	394,419	412,812	430,792	9,014
	2.0%	70,570	68,073	65,113	61,682	57,773	53,380	48,497	43,117	37,237	30,851	23,955	16,546	8,620	177	-
balance		3,599,080	3,471,748	3,320,772	3,145,783	2,946,432	2,722,386	2,473,334	2,198,989	1,899,086	1,573,391	1,221,694	843,821	439,629	9,014	-

ATTACHMENT 5 HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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



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

Statement for Public Disclosure

1. Name of CONTRACTOR: _____
2. Email: _____
2. Address and Zip Code: _____
3. Telephone Number: _____
4. Name of Principal Contact for CONTRACTOR: _____
5. Federal Identification Number or Social Security Number of CONTRACTOR: _____
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as **(you may copy and paste requested documents of any size into the boxes throughout this form)**:

A corporation **(copy and paste Articles of Incorporation here)**:

A nonprofit or charitable institution or corporation **(copy and paste Articles of Incorporation and documentary evidence verifying current, valid nonprofit or charitable status)**:

A partnership known as **(Name)**:

Check one:

General Partnership **(copy and paste statement of General Partnership)**:

Limited Partnership **(copy and paste Certificate of Limited Partnership)**:

A business association or a joint venture known as: **(copy and paste Joint Venture or Business Association Agreement)**

A Federal, State, or local government or instrumentality thereof

Other (Please explain):



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

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
8.1					%
8.2					%
8.3					%

You may also copy and paste your complete list here:

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

Yes

No



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

Yes No

[Empty text box for explanation]

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

Text will allow multiple lines

Table with 6 columns: Name/Title (if any), Address, Phone, Email, Percent of Interest & Description of character and extent of interest. Rows 11.1, 11.2, 11.3.

You may also copy and paste your complete list here:

[Empty text box for list]

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

Table with 5 columns: Name/Title (if any), Address, Phone, Email. Rows 12.1, 12.2, 12.3.

You may also copy and paste your complete list here:

[Empty text box for list]



13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm, or business entity.

Text will allow multiple lines

Table with 5 columns: ID, Name of affiliated Corporation/Firm/Business Entity, Address, Relationship to CONTRACTOR, List Common Officers/Directors/Trustees by Name. Rows 13.1, 13.2, 13.3.

You may also copy and paste your complete list here:

Empty rectangular box for pasting the complete list.

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

Empty rectangular box for providing the financial condition description.

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

Empty rectangular box for providing the financing plan statement.

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

a. In banks/savings and loans:

Name: _____

Address: _____

Amount: \$ _____

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

Name: _____

Address: _____

Amount: \$ _____



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

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

Enter additional information as needed:

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

Text will allow multiple lines

	Bank Name	Bank Address	Bank Contact Name	Bank Contact Phone/Email
17.1				
17.2				
17.3				

You may also copy and paste your complete list of bank references here:

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

Yes

No

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

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

Yes

No



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

Case 1:

Case 2:

Case 3:

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

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

Enter additional information as needed:

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

a. Name and addresses of such contractor or builder:

	Name	Address	Affiliation
21.a1			
21.a2			
21.a3			



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

Yes

No

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

--

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

c.1 General description of such work:

--

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.2 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	



c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.3 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Ligation Outcome Details:	



c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.4 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	

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

Identification of Contract or Development	Location	Amount	Date to be Completed



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

Awarding Agency	Amount	Date Opened

Enter additional information as needed:

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

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

Yes

No

If yes, explain:

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



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

Yes

No

If yes, please explain:

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

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

Check coverage(s) carried:

Comprehensive Form

Premises - Operations

Explosion and Collapse Hazard

Underground Hazard

Products/Completed Hazard

Contractual Insurance

Broad Form Property Damage

Independent Contractors

Personal Injury

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

Check coverage(s) carried:

Comprehensive Form

Owned

Hired

Non-Owned



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

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

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

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

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



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

Government Entity Making Complaint	Date	Resolution

Enter additional information as needed:

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

Yes

No

If yes, please explain in detail:

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

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

Enter additional information as needed here:



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

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

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

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

Enter additional information as needed:

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

Yes

No

If yes, please explain:



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

Yes

No

If yes, please explain:

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

1. Name: _____
Address: _____
Phone: _____
Project Name: _____
Description:

2. Name: _____
Address: _____
Phone: _____
Project Name: _____

Description:

3. Name: _____
Address: _____
Phone: _____
Project Name: _____
Description:

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



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

Name	
Experience	



CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 28 day of May, 2024, at San Diego, California.

CONTRACTOR
By: 
Signature

James P. Silverwood

Print Name

President

Title



CERTIFICATION

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

By: [Signature]
Signature

Print Name: James P. Silverwood

Title: President

Dated: 5/28/24

By: [Signature]
Signature

Print Name: Nicki Cometa

Title: Chief Financial Officer

Dated: 5/30/2024

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

JURAT

State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20__

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

Signature of Notary

SEAL

(See attached Certificate)

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

State of California
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 28th
day of May, 2024, by James P. Silverwood

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

Signature 

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

State of California
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 30th
day of May, 2024, by Nicki Cometa

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

Signature 

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX



AFFIRMED HOUSING GROUP INC
13520 EVENING CREEK DR N #160
SAN DIEGO CA 92128-8123

Certificate Number: B2011010313
Business Name: AFFIRMED HOUSING GROUP INC
Business Owner: AFFIRMED HOUSING GROUP INC
Business Address: 13520 EVENING CREEK DR N #360
SAN DIEGO CA 92128-8105
Primary Business Activity: PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES
Secondary Business Activity:
Effective Date: 05/01/2024
Expiration Date: 04/30/2025

PLEASE NOTIFY THE CITY TREASURER'S OFFICE IN WRITING OF ANY CHANGE IN OWNERSHIP OR ADDRESS - PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

BUSINESS FILE COPY

CITY OF SAN DIEGO
CERTIFICATE OF PAYMENT OF BUSINESS TAX
PO BOX 122289, SAN DIEGO, CA 92112-2289
1200 3RD AVENUE, MS 51T, SAN DIEGO, CA 92101
(619) 615-1500; FAX (619) 533-3272
www.sandiego.gov/treasurer

Certificate Number: B2011010313 PIN: B08OE
Business Name: AFFIRMED HOUSING GROUP INC
Business Owner: AFFIRMED HOUSING GROUP INC
Business Address: 13520 EVENING CREEK DR N #360
SAN DIEGO CA 92128-8105

MAY 15 2024

Primary Business Activity: PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES
Secondary Business Activity:
Effective Date: 05/01/2024
Expiration Date: 04/30/2025



AFFIRMED HOUSING GROUP INC
13520 EVENING CREEK DR N STE 160
SAN DIEGO, CA 92128-8123



Mailing Address: AFFIRMED HOUSING GROUP INC
13520 EVENING CREEK DR N #160
SAN DIEGO CA 92128-8123

This certificate acknowledges payment of business taxes pursuant to the San Diego Municipal Code. This **is not** a License to do business within the City of San Diego in violation of any section of the Municipal Code or regulation adopted by the City Council including, but not limited to: Zoning restrictions; Land Use specifications as defined in Planned Districts, Redevelopment areas, Historical Districts, or Revitalization areas; Business Tax Regulations; Police Department Regulations; and Fire, Health or Sanitation Permits and Regulations.

This document is issued without verification that the payer is subject to or exempt from licensing by the State of California.

Payment of the required tax at the time or times due is for the term and purpose stated and is pursuant to City Ordinance. Please refer to delinquency information under "Notice".

NOTICE: It is the responsibility of the certificate holder to renew this certificate of payment of business tax within the proper time limits. Failure to do so, even if you have not received a renewal notice, will result in the assessment of a penalty. Please note your expiration date on this certificate above. The certificate holder is requested to notify the City Treasurer's Office upon sale or closure of the business, change of location, or change of business activity.

The tax or fees collected are **Not Refundable** unless collected as a direct result of an error by the City of San Diego.

This certificate is NOT transferable for a change in business ownership.

See reverse side.

! Heat Advisory



Extreme heat forecasted for much of the state this week. Stay cool and hydrated and check in on loved ones. [Get more info.](#)



CONTRACTORS STATE LICENSE BOARD



Contractor's License Detail for License # 991686

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

- ▶ CSLB complaint disclosure is restricted by law ([B&P 7124.6](#)) If this entity is subject to public complaint disclosure click on link that will appear below for more information. Click [here](#) for a definition of disclosable actions.
- ▶ Only construction related civil judgments reported to CSLB are disclosed ([B&P 7071.17](#)).
- ▶ Arbitrations are not listed unless the contractor fails to comply with the terms.
- ▶ Due to workload, there may be relevant information that has not yet been entered into the board's license database.

Data current as of 7/10/2024 2:44:20 PM

Business Information

H A BUILDER GROUP LLC
131 CHAMBERS ST STE 101
EL CAJON, CA 92020
Business Phone Number:(619) 334-3445

Entity Ltd Liability
Issue Date 03/27/2014
Expire Date **03/31/2026**

License Status

This license is current and active.

All information below should be reviewed.

Classifications

B - GENERAL BUILDING

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with [SURETEC INSURANCE COMPANY](#).

Bond Number: 4392536
Bond Amount: \$25,000
Effective Date: 01/01/2023
[Contractor's Bond History](#)

LLC EMPLOYEE/WORKER BOND

This license filed a LLC Employee/Worker Bond with [SURETEC INSURANCE COMPANY](#).

Bond Number: 4392535
Bond Amount: \$100,000
Effective Date: 07/01/2020
[LLC Employee/Worker Bond History](#)

Bond of Qualifying Individual

The qualifying individual MICAH WILLIAM SPANO certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 08/19/2014

Workers' Compensation

This license has workers compensation insurance with the [INSURANCE COMPANY OF THE WEST](#)

Policy Number:WSD507712700
Effective Date: 04/10/2024
Expire Date: 04/10/2025
[Workers' Compensation History](#)

Liability Insurance Information

This license has liability insurance with [TOKIO MARINE SPECIALTY INSURANCE COMPANY](#)

Policy Number: PPK2676850

Amount: \$1,000,000

Effective Date: 04/10/2024

Expiration Date: 04/10/2025

[Liability Insurance History](#)

Other

- ▶ Personnel listed on this license (current or disassociated) are listed on other licenses.

[Back to Top](#)

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[Privacy Policy](#)

[Accessibility](#)

[Accessibility Certification](#)

Copyright © 2024 State of California



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

6/4/2024

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

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

PRODUCER Marsh & McLennan Agency LLC Marsh & McLennan Ins. Agency LLC PO Box 85638 San Diego CA 92186 License#: 0H18131 AFFIRHOUSI	CONTACT NAME: PHONE (A/C, No. Ext): E-MAIL ADDRESS: constructioncerts@MarshMMA.com		FAX (A/C, No):
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Affirmed Housing Group 13520 Evening Creek Drive North Suite 160 San Diego CA 92128	INSURER A: Philadelphia Indemnity Insurance Co.		18058
	INSURER B: Texas Insurance Company		16543
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

COVERAGES **CERTIFICATE NUMBER:** 1299536421 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	Y	N	PHPK2556340011	6/1/2024	6/1/2025	EACH OCCURRENCE	\$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
							MED EXP (Any one person)	\$ 5,000
							PERSONAL & ADV INJURY	\$ 1,000,000
							GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
								\$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	N	N	PHPK2556340011	6/1/2024	6/1/2025	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
A	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	N	N	PHUB864649003	6/1/2024	6/1/2025	EACH OCCURRENCE	\$ 2,000,000
							AGGREGATE	\$ 2,000,000
								\$ FOLLOWS FORM
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE	OTH-ER
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
B	2nd Layer Excess \$3M xs \$3M Follow Form GL			JTI24XANN0245002	6/1/2024	6/1/2025	Limits:	\$3,000,000 Occ \$3,000,000 Agg

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

CERTIFICATE HOLDER Evidence of Coverage : ZZ	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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Philadelphia Indemnity Insurance Company

PI-GLD-100 (12/16)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**GENERAL LIABILITY DELUXE ENHANCEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$1,000 per day	2
Key and Lock Replacement – Janitorial Services Client Coverage	\$10,000 limit	2
Additional Insured – Broadened Named Insured	Included	3
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	3
Additional Insured – Lessor of Leased Equipment	Included	3
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Transfer of Rights of Recovery Against Others To Us	Clarification	4
Liberalization	Included	5
Bodily Injury – includes Mental Anguish	Included	5

A. Non-Owned Watercraft

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Subsection **2. Exclusions**, Paragraph **g. (2)** is deleted in its entirety and replaced by the following:

- (2) A watercraft you do not own that is:
- (a) Less than 58 feet long; and
 - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

B. Supplementary Payments

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGE A AND B are amended as follows:

1. **b.** is deleted in its entirety and replaced by the following:

1. **b.** Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these.

1. **d.** is deleted in its entirety and replaced by the following:

1. **d.** All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

C. Key and Lock Replacement – Janitorial Services Client Coverage

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B is amended to include the following:

We will pay for the cost to replace keys and locks at the "clients" premises due to theft or other loss to keys entrusted to you by your "client," up to a \$10,000 limit per occurrence and \$10,000 policy aggregate.

We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your partners, members, officers, "employees", "managers", directors, trustees, authorized representatives or any one to whom you entrust the keys of a "client" for any purpose commit, whether acting alone or in collusion with other persons.

The following, when used on this coverage, are defined as follows:

- a. "Client" means any entity for whom you perform services.
- b. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service or for 30 days after termination of service;
 - (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you; or
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you.

(3) "Employee" does not mean:

(a) Any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(b) Any "manager," director or trustee except while performing acts coming within the scope of the usual duties of an "employee."

c. "Manager" means a person serving in a directorial capacity for a limited liability company.

D. Additional Insureds

SECTION II – WHO IS AN INSURED is amended as follows:

1. Each of the following is also an insured:

a. **Broadened Named Insured** – Any organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.

b. **Managers, Landlords, or Lessors of Premises** – Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.

c. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – Any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

E. Duties in the Event of Occurrence, Claim or Suit

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 2. is amended as follows:

a. is amended to include:

This condition applies only when the “occurrence” or offense is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

b. is amended to include:

This condition will not be considered breached unless the breach occurs after such claim or “suit” is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

F. Unintentional Failure To Disclose Hazards

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 6. Representations is amended to include the following:

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

G. Transfer of Rights of Recovery Against Others To Us

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer of Rights of Recovery Against Others To Us is deleted in its entirety and replaced by the following:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

Therefore, the insured can waive the insurer’s rights of recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

H. Liberalization

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, is amended to include the following:

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

I. Bodily Injury – Mental Anguish

SECTION V – DEFINITIONS, Paragraph **3**. Is deleted in its entirety and replaced by the following:

“Bodily injury” means:

- a.** Bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
- b.** Except for mental anguish, includes death resulting from the foregoing (Item **a.** above) at any time.

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

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

Harriet Smith Windsor

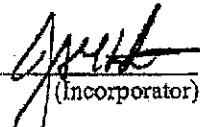
Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- **First:** The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- **Second:** Its registered office in the State of Delaware is to be located at 40 E. Division Street, Suite A Street, in the City of Dover County of Kent Zip Code 19901. The registered agent in charge thereof is Paracorp Incorporated
- **Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock of this corporation is authorized to issue is 1,000,000 shares (number of authorized shares) with a par value of \$1.00 per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:
Name Joel L. Incorvaia
Mailing Address 445 Marine View Avenue, Suite 295
Del Mar, CA Zip Code 92014
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 7th day of August, A D. 20 07

BY: 
(Incorporator)

NAME: Joel L. Incorvaia
(type or print)

Delaware

PAGE 1

The First State

CERTIFICATE

SEARCHED APRIL 7, 2008, AT 4:09 P.M.
FOR DEBTOR "AFFIRMED HOUSING GROUP, INC."

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THERE ARE NO PRESENTLY EFFECTIVE FINANCING STATEMENTS, LAPSED FINANCING STATEMENTS, FEDERAL TAX LIENS OR UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH NAME THE ABOVE DEBTOR, AS OF MARCH 28, 2008 AT 11:59 P.M.



20081208907UCXL

080401489

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505467

DATE: 04-07-08

**BYLAWS
OF
AFFIRMED HOUSING GROUP, INC.
A Delaware Corporation**

**ARTICLE ONE
SHAREHOLDERS' MEETING**

1. 1 Time of Annual Meeting.

A. The annual meeting of the shareholders will be held in the month of December in each year at a time convenient to all shareholders, at which time the shareholders will elect by plurality vote a Board of Directors, consider reports of the affairs of the corporation and transact such other business that is properly brought before the meeting.

B. If there is a failure to hold the annual meeting for a period of sixty (60) days after the month designated therefor as provided in paragraph 1.1(A) of these Bylaws, any shareholder may apply to the superior court of the county in which the corporation's principal executive office is located for an order compelling the corporation to hold the meeting. The shares represented at the meeting so held, either in person or by proxy, and entitled to vote at the meeting will constitute a quorum for the purpose of such meeting, notwithstanding any provision of the Articles of Incorporation, these Bylaws or the General Corporation Law of the State of Delaware to the contrary.

1. 2 Place of Meetings.

Annual meetings and special meetings of the shareholders will be held at such place, within or without the State of Delaware, the directors from time to time fix. Whenever the directors fail to fix such place, the meetings will be held at the principal executive office of the corporation.

1. 3 Calling and Notice of Annual Meeting.

A. Call of Annual Meeting:

Annual meetings of the shareholders may be called by the directors, by the Chairman of the Board, if any, Vice-Chairman of the Board, if any, the President, if any,

the Secretary, or by any officer instructed by the directors to call the meeting.

B. Notice:

(1) Time and Manner:

Written notice stating the place, day and hour of each shareholders' meeting and, in the case of a special meeting, the general nature of the business to be transacted or, in the case of an annual meeting, those matters which the Board of Directors, at the time of mailing of the notice, intends to present for action by the shareholders, must be given not less than ten days (or not less than any such other minimum period of days that is prescribed by the General Corporation Law) or more than sixty days (or more than any such maximum period of days that is prescribed by the General Corporation Law) before the date of the meeting, by mail, personally or by other means of written communication. Such written notice shall be prepared by or at the direction of the directors, the President, if any, the Secretary, or the officer or persons calling the meeting, and shall be addressed to each shareholder at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice, or, if no such address appears or is given, at the place where the principal executive office of the corporation is located, or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Such notice will be deemed to be delivered when deposited in the United States mail with first class prepaid postage, or sent by other means of written communication addressed to the shareholder at his address as it appears on the stock transfer books of the corporation.

(2) Contents:

The notice of any shareholders' meeting at which directors are to be elected will include the names of nominees intended at the time of notice to be presented by management for election. At an annual meeting of shareholders, any matter relating to the affairs of the corporation, whether or not stated in the notice of the meeting, may be brought up for action, except matters which the General Corporation Law requires to be stated in the notice of the meeting. The notice of any annual or special shareholders' meeting will also include, or be accompanied by, any additional statements, information or documents prescribed by the General Corporation Law.

(3) Adjourned Meetings:

When a shareholders' meeting is adjourned to another time or place,

notice of the adjourned meeting need not be given if the new time and place are announced at the meeting at which the adjournment is taken; provided, however, if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting must be given to each shareholder. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.4 Call and Notice of Special Meetings.

A. Persons Entitled to Call a Special Meeting:

Special meetings of the shareholders may be called by the Board of Directors, the Chairman of the Board, the President, or the holders of shares entitled to cast not less than ten percent (10%) of the votes at the meeting.

B. Call of Special Meeting:

On request in writing to the Chairman of the Board, or the President, or a Vice-President, or the Secretary of the corporation by any person (other than the Board) entitled to call a special meeting of shareholders (see paragraph 1.4(A) of these Bylaws), the Chairman or officer must cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons entitled to call the meeting may give the notice or they may apply to the superior court of the county in which the executive office of the corporation is located for an order, after notice to the corporation giving it an opportunity to be heard, summarily ordering the giving of the notice.

C. Notice:

Except as provided in this paragraph 1.4, notice must be given in conformity with paragraph 1.3(B) of these Bylaws.

1.5 Waiver of Notice and Other Defects.

The transaction of any shareholders' meeting, however called and noticed, and wherever held, will be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the

shareholders or his proxy signs a written waiver of notice, a consent to the holding of the meeting or an approval of the minutes of the meeting. All such waivers, consents and approvals must be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting constitutes a waiver of notice of such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting will not constitute a waiver of any right to object to the consideration of matters required by the General Corporation Law to be included in the notice if such objection is expressly made at the meeting. Except as otherwise provided in General Corporation Law, neither the business to be transacted at nor the purpose of any regular or special meeting need be specified in any written waiver of notice.

1.6 Conduct of Meeting.

Meetings of the shareholders will be presided over by one of the following officers in the order of seniority and if present and acting: the Chairman of the Board, if any; the Vice-Chairman of the Board, if any; the President, if any; a Vice-President; or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the shareholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, will act as secretary of every meeting, but, if neither the Secretary nor an Assistant Secretary is present, the Chairman of the meeting will appoint a secretary of the meeting.

1.7 Quorum Provisions.

A. Majority:

A majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of shareholders; provided, however, whenever shares are disqualified by the General Corporation Law from voting on any matter, they will not be considered outstanding for the determination of a quorum at a meeting to act on that matter under any other provision of the General Corporation Law or these Bylaws.

B. Loss of Quorum:

The shareholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

C. Adjournment for Lack of Quorum:

In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted, except as provided in paragraph 1.7(B) of these Bylaws.

1.8 Effect of Vote.

If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on any matter will be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the General Corporation Law or the Articles of Incorporation, and except as provided in paragraph 1.7(A) of these Bylaws. Provided, however, whenever shares are disqualified by the General Corporation Law from voting on any matter, they will not be considered outstanding for the determination of the required vote to approve action on that matter under any other provision of the General Corporation Law, the Articles of Incorporation or these Bylaws.

1.9 Election of Directors.

Elections for directors need not be by ballot unless a shareholder demands election by ballot at the meeting and before the voting begins. In any election of directors, the candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares shall be elected.

1.10 Cumulative Voting.

Every shareholder entitled to vote at any election of directors may cumulate votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled (cumulate votes), or distribute them on the same principle among as many candidates as the shareholder desires. However, no shareholder is entitled to cumulate votes unless such candidate's or candidates' name(s) have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder's intention to cumulate votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination.

1. 11 Action Without a Meeting - Written Consent.

Except in the election of directors by written consent in lieu of a meeting, and except as may otherwise be provided by the General Corporation Law, the Articles of Incorporation or these Bylaws, any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by holders of shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote were present and voted. Directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for election of directors. Notice of any shareholder approval pursuant the General Corporation Law without a meeting by less than unanimous written consent must be given at least ten (10) days before the consummation of the action authorized by such approval, and prompt notice must be given of the taking of any other corporate action approved by shareholders without a meeting by less than unanimous written consent to those shareholders entitled to vote who have not consented in writing.

1. 12 Voting of Shares by Fiduciaries, Minors or Entities.

A. Personal Representative:

Except as provided in paragraph 1.12(H) of these Bylaws, shares held by an administrator, executor, guardian, conservator, or custodian may be voted by such holder either in person or by proxy, without a transfer of the shares into the holder's name.

B. Trustee:

Shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee is entitled to vote shares so held without a transfer of them into the trustee's name.

C. Receiver:

Shares standing in the name of a receiver may be voted by the receiver. Shares held by or under the control of a receiver may be voted by the receiver without their being transferred into the receiver's name if authority to so vote them is contained in the court order appointing the receiver.

D. Pledgee:

Subject to the provisions of paragraph 1.13 of these Bylaws, and except where otherwise agreed in writing, a shareholder whose shares are pledged is entitled to vote such shares until they have been transferred into the name of the pledgee, and thereafter the pledgee is entitled to vote the shares so transferred.

E. Minor:

Shares standing in the name of a minor may be voted and the corporation may treat all rights incident to such Shares as exercisable by the minor, in person or by proxy, whether or not the corporation has notice, actual or constructive, of the minor's age, unless a guardian of the minor's property has been appointed and written notice of the appointment is given to the corporation.

F. Corporation:

Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy holder as the bylaws of such other corporation may prescribe or, in the absence of such provision, as the Board of Directors of such other corporation may determine or, in the absence of such determination, by the Chairman of the Board, President, or any Vice-President of such other corporation, or by any other person authorized to do so by the Chairman of the Board, President, or any Vice-President of such other corporation. Shares which are purported to be executed in the name of a corporation (whether or not any title of the person signing is indicated) will be presumed to be voted or the proxy executed in accordance with the foregoing provisions, unless the contrary is shown.

G. Subsidiary:

Shares of the corporation owned by any subsidiary of the corporation are not entitled to vote on any matter.

H. Corporate Fidnciary:

Shares held by the corporation in a fiduciary capacity, and shares of the corporation held in a fiduciary capacity by its subsidiary, if any, are not entitled to vote on any matter, except to the extent the settlor or beneficiary owner possesses and exercises a right to vote or to give the corporation binding instructions as to how to vote such shares.

I. Shares in Names of Two or More Persons:

If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees (persons entitled to vote under a shareholder voting agreement) or otherwise, or if two or more persons (including proxy holders) have the same fiduciary relationship respecting the same shares, unless the Secretary of the corporation is given notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting will have the following effect:

- (1) If only one votes, such act binds all;
- (2) If more than one vote, the act of the majority so voting binds all; or
- (3) If more than one vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately.

If the instrument so filed or the registration of the shares shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of the above will be a majority or even split in interest.

1.13 Proxy Representation.

Every shareholder may authorize another person or persons to act as his proxy at a meeting or by written action. No proxy is valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy. Every proxy will be revocable at the pleasure of the person executing it prior to the vote or written action pursuant thereto, except as otherwise provided by the General Corporation Law. As used in these Bylaws, a "proxy" means a written authorization signed by a shareholder or a shareholder's attorney in fact giving another person or persons power to vote or consent in writing with respect to the shares of such shareholder, and "signed" means the placing of such shareholder's name on the proxy, whether by manual signature, typewriting, telegraphic transmission or otherwise by such shareholder or such shareholder's attorney in fact. Where applicable, the form of any proxy must comply with the provisions of General Corporation Law.

1. 14 Inspectors - Appointment.

In advance of any shareholders' meeting, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or, if any persons so appointed fail to appear or refuse to act, the Chairman of any meeting of shareholders may, and on the request of any shareholder or a shareholder's proxy shall, appoint inspectors of election, or persons to replace any of those who so fail or refuse at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares represented in person or by proxy will determine whether one or three inspectors are to be appointed.

The inspectors of election will determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity, and effect of proxies, receive votes, ballots, if any, or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls will close, determine the result, and do such acts that are proper to conduct the election or vote with fairness to all shareholders. If there are three (3) inspectors of election, the decision, act, or certificate of a majority will be effective in all respects as the decision, act, or certificate of all.

1. 15 Voting Trust.

Shares may be transferred by written agreement to trustees in order to confer on them the right to vote and otherwise represent the shares for such period of time, not exceeding ten (10) years, as may be specified in the agreement. At any time within two (2) years prior to the time of expiration of any voting trust agreement as originally fixed or as last extended as provided in this paragraph, one or more beneficiaries under the voting trust agreement may, by written agreement and with the written consent of the voting trustee or trustees, extend the duration of the voting trust agreement with respect to their shares for an additional period not exceeding ten (10) years from the expiration date of the trust as originally fixed or as last extended as provided in this paragraph. A duplicate of the voting trust agreement and any extension thereof must be filed with the Secretary of the corporation and will be open to inspection by a shareholder, a holder of a voting trust certificate, or the agent of either, on the same terms as the record of shareholders of the corporation is open to inspection.

ARTICLE TWO DIRECTORS

2.1 Function and Responsibilities.

The business and affairs of the corporation will be managed and all corporate powers will be exercised by or under the direction of its Board of Directors. The Board of Directors may delegate the management of the day-to-day operation of the business of the corporation to a management company or other persons, provided the business and affairs of the corporation are managed and all corporate powers are exercised under the ultimate direction of the Board of Directors. The Board of Directors has authority to fix the compensation of directors for services in any lawful capacity. Each director must exercise such powers and otherwise perform such duties in good faith, in the manner such director believes to be in the best interests of the corporation, and with care, including reasonable inquiry, using ordinary prudence, as a person in a like position would use under similar circumstances.

2.2 Number on Board of Directors.

The authorized number of directors constituting the Board of Directors until further changed is three (3). The authorized number of directors constituting the Board must be at least three (3), except that (a) whenever the corporation has only two (2) shareholders the number of directors may be two (2), and (b) whenever the corporation has only one shareholder the number of directors may be one (1). Subject to the foregoing provisions, the number of directors may be changed from time to time by an amendment of these Bylaws adopted by the shareholders. Any such amendment reducing the number of directors to fewer than five (5) cannot be adopted if the votes cast against its adoption at a meeting or the shares not consenting in writing in the case of action by written consent are equal to more than sixteen and two-thirds percent (16 2/3%) of the outstanding shares. No decrease in the authorized number of directors will have the effect of shortening the term of any incumbent director.

2.3 Qualification of Director.

A director need not be a shareholder of the corporation, a citizen of the United States or a resident of the State of Delaware.

2.4 Election and Term of Office.

The directors will be elected at each annual meeting of the shareholders. If an annual meeting of the shareholders is not held, or if the directors are not elected at such meeting, the directors may be elected at any special meeting of shareholders held for that purpose. Each director will hold office until the next annual meeting of the shareholders, until a successor is elected and qualified, or until he is removed or resigns.

2.5 Vacancies.

A. Resignation:

Any director may resign effective upon giving written notice to the Chairman of the Board, the President, Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation.

B. When Vacancy Occurs:

A vacancy or vacancies in the Board will be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors is increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

C. Board Action to Fill Vacancy:

Vacancies in the Board, including those existing as a result of a removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected will hold office until the next annual meeting, until such director's successor is elected and qualified, or until he is removed or resigns.

D. Declaration of Vacancy:

The Board may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony.

E. Shareholder Action to Fill Vacancy:

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent requires the consent of a majority of the outstanding shares entitled to vote. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders have the power to elect a successor to take office when the resignation is to become effective.

F. Reduction of Size of Board:

No reduction of the authorized number of directors will have the effect of removing any director prior to the expiration of the director's term of office.

2.6 Regular Meetings.

Regular meetings of the Board of Directors for the purpose of organization, election of officers and transaction of other business will be held at a time convenient to all directors in the month of November of each year, but generally immediately following the annual meeting of the shareholders. Call and notice of all regular meetings of the Board of Directors are hereby dispensed with.

2.7 Special Meetings.

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board, the President, the Secretary, or by any two (2) directors. Special meetings of the Board of Directors may be held upon four (4) days prior written notice, or upon at least forty-eight (48) hours notice delivered personally or by telephone or telegraph. Notice of a meeting need not be given to any director who signs a waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior to such meeting or at its commencement, the lack of notice to such director. A notice or waiver of notice need not specify the purpose of any regular or special meeting of the Board of Directors.

2.8 Place of Meetings.

Regular or special meetings of the Board of Directors will be held at any place within or without the State of Delaware which is designated by the Board. In the absence of such designation, regular meetings must be held at the principal executive office of the corporation.

2.9 Sole Director Situations.

If only one director is required by these Bylaws or the Articles of Incorporation, then any reference in these Bylaws to notices, waivers, consents, meetings, or other actions by a majority or quorum of the directors is deemed to refer to such notice, waiver, consent, meeting, or other action by such sole director, who will have all the rights and duties and is entitled to exercise all of the powers and assume all the responsibilities otherwise described in these Bylaws as given to a Board of Directors.

2.10 Quorum.

A majority of the authorized number of directors constitutes a quorum of the Board of Directors for the transaction of business, except to adjourn as provided in paragraph 2.13 of these Bylaws. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present will be regarded as the act of the Board, unless a greater number is required by law or by the Articles of Incorporation. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

2.11 Telephone Conferences.

Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

2.12 Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the minutes of such meeting. All such waivers, consents, or approvals will be filed with the corporate records or made a part of the minutes of the meeting.

2.13 Adjournment.

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

holding an adjourned meeting need not be given to absent directors if the time and place is fixed at the meeting adjourned. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place must be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

2. 14 Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, that is fixed or determined by the Board.

2. 15 Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to such action. Such consent or consents will have the same effect as a unanimous vote of the Board, and will be filed with the minutes of the proceedings of the Board of Directors.

2. 16 Rights of Inspection.

Every director has the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind of the corporation and to inspect the physical properties of the corporation and its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney, and includes the right to copy and obtain extracts.

2. 17 Removal of Directors.

The entire Board of Directors or any individual director may be removed from office without cause by the vote of at least a majority of the shareholders; provided, however, unless the entire Board is removed, an individual director may not be removed when the votes cast against such removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election of directors at which the same total number of votes were cast or, if such action is taken by written consent in lieu of a meeting, all shares entitled to vote were voted and the entire number of directors authorized at the time of the director's most recent election were then being elected. If any or all directors are so removed, new directors may be elected at the same meeting or by such written consent.

2.18 Committees.

The Board of Directors, by resolution adopted by a majority of the authorized number of directors, may designate one or more committees each consisting of two (2) or more directors to serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any such committee who will replace any absent member at any meeting of such committee. Any such committee, to the extent provided in the resolution of the Board of Directors, has all the authority of the Board of Directors except such authority that may not be delegated by the provisions of the General Corporation Law.

2.19 Duty of Director.

A. Prudent Person:

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

B. Reliance Upon Other Opinions:

In performing his duties, each director is entitled, so long as he acts in good faith after reasonable inquiry when the need for it is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted, to rely on information, opinions, reports or statements and other financial data prepared or presented by:

- (1) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;
- (2) Legal counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (3) A committee of the Board on which the director does not serve as to matters within its designated authority, which committee the director believes to merit confidence.

C. Discharge of Liability:

A person who performs the duties of director in accordance with paragraphs 2.19(A) and 2.19(B) of these Bylaws will have no liability based on any alleged failure to discharge the person's obligation as a director.

2. 20 Liability of Director.

A. Prohibited Transactions:

Subject to the provisions of paragraph 2.19 of these Bylaws, directors who approve any of the following corporate actions will be jointly and severally liable to the corporation for the benefit of all of the creditors or shareholders entitled to institute an action under the General Corporation Law:

- (1) The making of any distribution to its shareholders, to the extent that it is contrary to the provisions of the General Corporation Law.
- (2) The distribution of assets to shareholders after institution of dissolution proceedings of the corporation, if any, without paying or adequately providing for all known liabilities of the corporation, excluding any claims not filed by creditors within the time limit set in the notice given to creditors under the provisions of the General Corporation Law, or
- (3) The making of any loan or guaranty contrary to General Corporation Law.

B. Director Who Abstains:

A director who is present at a meeting of the Board of Directors, or any Board committee, at which action specified in paragraph 2.20(A) of these Bylaws is taken and who abstains from voting, will be considered to have approved the action.

C. Subrogation Rights:

Directors liable under this paragraph 2.20 are entitled to be subrogated to the rights of the corporation:

- (1) With respect to paragraph 2.20(A)(1) of these Bylaws, against shareholders who received the distribution;
- (2) With respect to paragraph 2.20(A)(2) of these Bylaws, against shareholders who received the distribution of assets; and
- (3) With respect to paragraph 2.20(A)(3) of these Bylaws, against the person who received the loan or guaranty.

2.21 Indemnification.

The corporation has the power to indemnify any person who is or was (a) a director, officer, employee or agent of this corporation or of its predecessor, or (b) serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise at the request of this corporation, against expenses, costs, losses, suits, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any threatened, pending or completed action or proceedings, whether civil, criminal, administrative or investigative, as provided in General Corporation Law, as that section now exists or may subsequently from time to time be amended to provide.

ARTICLE THREE OFFICERS

3.1 Officers.

The officers of the corporation will consist of a Chairman of the Board or a President or both, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice-Presidents, one or more Assistant Secretaries, and such other officers that may be appointed in accordance with the provisions of paragraph 3.3 of these Bylaws. One person may hold two (2) or more offices.

3.2 Election.

The officers of the corporation, except such officers that are appointed in accordance with the provisions of paragraphs 3.3 or 3.5 of these Bylaws, will be elected annually by the Board of Directors and each will hold their offices until they resign or are removed or otherwise disqualified to serve, or until their successor is duly qualified and elected.

3.3 Subordinate Officers.

The Board of Directors may appoint such other officers as the business of the corporation requires, each of whom will hold office for such period, have such authority and perform such duties that are provided in these Bylaws or that the Board of Directors from time to time determines.

3.4 Removal and Resignation.

Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors, or to the President or the Secretary of the corporation. Any such resignation will take effect at the date of the receipt of such notice or at any later time specified in such notice. Unless otherwise specified in the notice, the acceptance of the resignation is not necessary to make it effective.

3.5 Vacancies.

A vacancy in any office because of the death, resignation, removal, or disqualification of such officer, or any other cause, will be filled in the manner prescribed in paragraph 3.2 of these Bylaws for regular appointments to such office.

3.6 Chairman of the Board.

The Chairman of the Board, if there is such an officer, will, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties that are from time to time assigned to him by the Board of Directors or prescribed by the Bylaws.

3.7 President.

Subject to such supervisory powers, if any, that may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President will be the Chief Executive Officer of the corporation and will, subject to the control of the Board of Directors, have general supervision, direction and control of the business and other officers

of the corporation. The President will preside at all meetings of the shareholders and in the absence of the Chairman of the Board, or if there is none, at all meetings of the Board of Directors. The President will be ex officio a member of all the standing committees, including the Executive Committee, if any, and will have the general powers and duties of management usually vested in the office of President of a corporation, and will have such other powers and duties that are prescribed by the Board of Directors or the Bylaws.

3.8 Vice-President.

In the absence or disability of the President, the Vice President(s), in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice-President designated by the Board of Directors, will perform all the duties of the President, and when so acting will have all the powers of, and be subject to, all the restrictions upon the President. The Vice-President(s) will have such other powers and perform such other duties that from time to time are prescribed for them respectively by the Board of Directors or the Bylaws.

3.9 Secretary.

The Secretary will keep, or cause to be kept, a book of minutes at the principal office or such other place the Board of Directors orders of all meetings of directors and shareholders, with the time and place of holding, whether regular or special, and if special how authorized, the notice given, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings and the proceedings of such meetings.

The Secretary will keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the shareholders and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary will give, or cause to be given, notice of all the meetings of the shareholders and of the Board of Directors required by the Bylaws or by law to be given, keep the seal of the corporation in safe custody and have such other powers and perform such other duties that are prescribed by the Board of Directors or by the Bylaws.

3.10 Treasurer.

The Treasurer is the Chief Financial Officer of the corporation, and will keep and maintain, or cause to be kept and maintained, in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares. The books of account will at all reasonable times be open to inspection by any director.

The Treasurer will deposit all monies and other valuables in the name and to the credit of the corporation with such depositaries that are designated by the Board of Directors. The Treasurer will disburse the funds of the corporation that are ordered by the Board of Directors, will render to the President and directors, whenever they request it, an account of all his transactions and of the financial condition of the corporation, and will have such other powers and perform such other duties that are prescribed by the Board of Directors or the Bylaws.

ARTICLE FOUR EXECUTION OF INSTRUMENTS AND DEPOSIT OF FUNDS

4.1 Authority for Execution of Contracts and Instruments.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, share certificate, conveyance or other instrument in writing, and any assignment or endorsements thereof executed or entered into between this corporation and any other person, when signed by the Chairman of the Board, the President, or any Vice President, and the Secretary or Assistant Secretary, the Treasurer or any Assistant Treasurer of this corporation, will be valid and binding on this corporation in the absence of actual knowledge on the part of the other person that the signing officers did not have authority to execute the instrument. Any such instruments may be signed by any other person or persons and in such manner as from time to time determined by the Board and, unless so authorized by the Board, no officer, agent or employee has any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

4.2 Bank Accounts and Deposits.

All funds of the corporation will be deposited from time to time to the credit of the corporation with such banks, bankers, trust companies or other depositories the Board of

Directors select, or that may be selected by any officer(s) or agent(s) of the corporation to whom such power is delegated from time to time by the Board of Directors.

4.3 Signing of Checks or Drafts.

All checks, drafts or other order for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, will be signed or endorsed by such person or persons and in such manner that is determined from time to time by resolution of the Board of Directors.

ARTICLE FIVE CERTIFICATES AND TRANSFER OF SHARES

5.1 Certificates for Shares.

A. Contents:

Each certificate for shares of the corporation must set forth the name of the record holder of the shares, the number of shares and the class or series of shares owned by the holder, the par value, if any, of the shares, and such other statements, as applicable, prescribed by Sections 416 through 419, inclusive, and other relevant sections, of the General Corporation Law, and such other statements, as applicable, which may be prescribed by the Corporate Securities Law of the State of Delaware and any other applicable provision of the law.

B. Necessary Signatures:

Each certificate issued for shares of the corporation must be signed in the name of the corporation by the Chairman of the Board of Directors, if any, or the Vice Chairman of the Board of Directors, if any, the President, if any, or a Vice-President, if any, and by the Chief Financial Officer, an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of the signatures on a certificate for shares may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate for shares ceases to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

C. Partially Paid Shares:

If the corporation issues the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor, any such certificate for shares must set forth thereon the statements prescribed by General Corporation Law.

5.2 Consideration for Shares.

As long as the proposed sale or offer to sell is in compliance with the Delaware Corporate Securities Law and the rules and regulations thereunder, shares may be issued for such consideration that is determined from time to time by the Board of Directors, consisting of any or all of the following:

- (1) Money paid;
- (2) Labor done;
- (3) Services actually rendered to the corporation or for its benefit or in its formation or reorganization;
- (4) Debts or securities canceled; and
- (5) Tangible or intangible property actually received either by this corporation or by any wholly owned subsidiary of this corporation.

Neither promissory notes of the purchaser (unless adequately secured by collateral other than the shares acquired) or future services may constitute payment or part payment of shares of the corporation. When shares are issued for any consideration other than money, the Board must state by resolution its determination of the fair value of the consideration to the corporation in monetary terms. In the absence of fraud in the transaction, the judgment of the directors as to the value of the consideration for shares will be conclusive.

5.3 Lost or Destroyed Share Certificates.

The corporation may issue a new certificate for shares or for any other security in the place of any other certificate issued by it which is alleged to have been lost, stolen or destroyed. As a condition to such issuance, the corporation may require the owner of the

allegedly lost, stolen or destroyed certificate or the owner's legal representative to give the corporation a bond, or other adequate security, sufficient to indemnify the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of any certificate or issuance of a new certificate.

5.4 Share Transfers.

Upon compliance with any provisions of the General Corporation Law and/or the Corporate Securities Law of the State of Delaware which restricts the transferability of shares, transfers of shares of the corporation will be made only on the record of shareholders of the corporation by the registered holder thereof, or by his attorney authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate(s) for such shares properly endorsed and the payment of all taxes, if any, due thereon.

5.5 Record Date for Shareholders.

So that the corporation may determine the shareholders entitled to notice of any meeting or to vote or be entitled to receive payments of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the Board of Directors may fix, in advance, a record date which is not more than sixty (60) days or fewer than ten (10) days prior to the date of such meeting, or more than sixty (60) days prior to any other action.

If the Board of Directors has not fixed a record date, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders will be at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board of Directors has been taken, will be the day on which the first written consent is given. The record date for determining shareholders for any other purpose will be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto, or the sixtieth (60th) day prior to the day of such other action, whichever is later.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders will apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting; provided, however, the Board

of Directors must fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

Except as otherwise provided by the General Corporation Law, shareholders on the record date are entitled to notice and to vote or to receive any dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date.

5.6 Shares in Other Corporations.

Shares of other corporations held in the name of this corporation may be voted or represented and all incidents thereto may be exercised on behalf of the corporation by the Chairman of the Board, the President, or any Vice-President, or any other person authorized by resolution of the Board of Directors.

5.7 Definitions - Share, Shares, Shareholder, Shareholders.

As used in these Bylaws with respect to the right to notice or waiver of a meeting of shareholders, or to participate or vote at, or to assent, consent or dissent in writing in lieu of a meeting of shareholders, as the case may be, the terms "share" or "shares" and "shareholder" or "shareholders" refer to an outstanding share or shares, and to a holder or holders of record of outstanding shares when the corporation is authorized to issue only one class or of any class upon which or upon whom the Articles of Incorporation confer such rights where there are two (2) or more classes or series of shares, or upon which or upon whom the General Corporation Law confers such rights, notwithstanding the Articles of Incorporation may provide for more than one class or series of shares, one or more of which are limited or denied such rights thereunder.

ARTICLE SIX CORPORATE BOOKS AND RECORDS

6.1 Amendment and Repeal.

These Bylaws may be amended or repealed either by the shareholders entitled to exercise a majority of the voting power or by the Board of Directors; provided, however, (A) the Board of Directors may not amend or repeal any provision of these Bylaws which fixes or changes the authorized number of directors of the corporation, (B) any control over the Bylaws vested in the Board of Directors is subject to the authority of the shareholders to amend or repeal the Bylaws or to adopt new Bylaws, and (C) any amendment to the

Bylaws or new Bylaw which changes the minimum number of directors to fewer than five (5) requires authorization by the greater proportion of voting power of the shareholders as set forth in paragraph 2.2 of these Bylaws.

6.2 Records - Storage and Inspection.

The corporation will keep at its principal executive office in the State of Delaware a copy of the Bylaws as amended to date. If the principal executive office of the corporation is outside the State of Delaware and, if the corporation has no principal business office in the State of California, it will upon request of any shareholder furnish a copy of the Bylaws as amended to date.

The corporation will keep adequate and correct books and records of account, and will keep minutes of the proceedings of its shareholders, Board of Directors and committees, if any, of the Board of Directors. The corporation will keep at its principal executive office, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each. Such minutes will be in written form. Such other books and records will be kept either in written form or in any other form capable of being converted into written form.

6.3 Annual Report.

Whenever the corporation has fewer than one hundred (100) shareholders, the Board of Directors is not required to cause to be sent to the shareholders of the corporation the annual report prescribed by the General Corporation Law unless it determines a useful purpose would be served by causing the same to be sent, or unless the Delaware Department of Corporations, pursuant to the provisions of the Corporate Securities Law, directs the sending of the report.

6.4 Fiscal Year.

The fiscal year of the corporation shall be determined by the Board of Directors and, having been so determined by the Board of Directors, is subject to change from time to time as the Board of Directors shall determine.

6.5 Construction and Definitions.

Unless the context otherwise requires, the general provisions, rules of construction

and definitions contained in the general provisions of the General Corporation Law and in the Delaware General Corporation Law will govern the construction of these Bylaws.

ARTICLE SEVEN INDEMNIFICATION

7.1 Definitions.

For purposes of this Article Seven: (a) "agent" includes any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; (b) "proceeding" includes any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and (c) "expenses" includes attorneys' fees and any expenses of establishing a right to indemnification under paragraphs 7.4 or 7.5(C) of these Bylaws.

7.2 Indemnification in Actions by Third Parties.

The corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation) by reason of the fact such person is or was an agent of the corporation, against expenses, judgments, fines, costs, liabilities, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent will not, of itself, create a presumption the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that person had reasonable cause to believe the person's conduct was unlawful.

7.3 Indemnification in Actions by or in the Right of the Corporation.

The corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact such person

is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances. No indemnification will be made under this paragraph 7.3:

A. In respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent the court in which such action was brought determines upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court determines;

B. Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

C. Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

7.4 Indemnification Against Expenses.

To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in paragraphs 7.2 or 7.3 of these Bylaws or in defense of any claim, issue or matter therein, the agent will be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

7.5 Required Determinations.

Except as provided in paragraph 7.4 of these Bylaws, any indemnification under this Article Seven will be made by the corporation only if authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraphs 7.2 or 7.3 of these Bylaws, by:

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

B. Approval of the shareholders, with the shares owned by the person to be indemnified not being entitled to vote on such indemnification; or

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

7.6 Advance of Expenses.

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

7.7 Other Indemnification.

The indemnification authorized by this Article Seven shall not be deemed exclusive of any additional rights to indemnification for breach of duty to the corporation and its shareholders while acting in the capacity of a director or officer of the corporation to the extent the additional rights to indemnification are authorized in the Articles of Incorporation pursuant to the General Corporation Law. The indemnification provided by this section for acts, omissions, or transactions while acting in the capacity of, or while serving as, a director or officer of the corporation but not involving breach of duty to the corporation and its shareholders shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, to the extent the additional rights to indemnification are authorized in the Articles of Incorporation of the corporation. The rights to indemnity hereunder shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person. Nothing contained in this Article Seven shall affect any right to indemnification to which persons other than the directors and officers may be entitled by contract or otherwise.

7.8 Forms of Indemnification Not Permitted.

No indemnification or advance will be made under this Article Seven, except as provided in paragraphs 7.4 or 7.5(C) of these Bylaws, in any circumstance where it appears it would be inconsistent with:

A. A provision of the Articles of Incorporation, these Bylaws, a resolution of the shareholders or directors, or an agreement in effect at the time of the accrual of the alleged

cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limited indemnification; or

B. Any condition expressly imposed by a court in approving a settlement.

7.9 Insurance.

The corporation has the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article Seven.

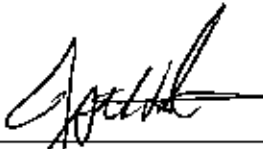
7.10 Nonapplicability to Fiduciaries of Employee Benefit Plan.

This Article Seven does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in paragraph 7.1 of these Bylaws. Nothing contained in this Article Seven limits any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise which is enforceable to the extent permitted by applicable law.

CERTIFICATE BY INCORPORATOR OF ADOPTION OF BYLAWS

The undersigned person appointed in the Articles of Incorporation to act as the Incorporator of AFFIRMED HOUSING GROUP, INC., a Delaware corporation, hereby adopts the foregoing Bylaws as the Bylaws of such corporation.

Dated: August 10, 2007



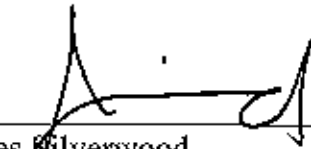
Joel L. Incorvaia
Incorporator

CERTIFICATE BY SECRETARY OF ADOPTION OF BYLAWS

THIS IS TO CERTIFY that I am the duly-elected, qualified, and acting Secretary of AFFIRMED HOUSING GROUP, INC., a Delaware corporation, the foregoing Bylaws

were adopted as the Bylaws of such corporation on the date set forth above by the Incorporator of the corporation, the foregoing Bylaws were submitted to the directors of such corporation and recorded in the minutes of the directors, and were ratified by the vote of directors entitled to exercise the majority of the voting power of such corporation.

Dated: 8-10-07



James Silverwood
Secretary

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
AFFIRMED HOUSING GROUP, INC.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

Individual/sole proprietor or single-member LLC C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ _____

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
13520 EVENING CREEK DRIVE N., SUITE 160

6 City, state, and ZIP code
SAN DIEGO, CA 92128

7 List account number(s) here (optional)

Requester's name and address (optional)

Print or type.
See Specific Instructions on page 3.

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
or									
Employer identification number									
2	6	-	0	8	1	2	9	9	4

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶ 01-03-2019
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

AFFIRMED HOUSING GROUP FINANCIALS

Available upon Request

SAN DIEGO HOUSING COMMISSION

RESOLUTION NUMBER HC-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE SAN DIEGO HOUSING COMMISSION
SETTING FORTH OFFICIAL INTENT FOR THE HOUSING
AUTHORITY OF THE CITY OF SAN DIEGO TO ISSUE
MULTIFAMILY HOUSING REVENUE BONDS OR NOTES TO
FINANCE STUDIO 15 AND AUTHORIZING RELATED
ACTIONS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds or notes for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily affordable rental housing and for the provision of capital improvements in connection with and determined necessary to such multifamily affordable housing; and

WHEREAS, Affirmed Housing Group, Inc., as sponsor (Developer) has requested that the Authority issue and sell tax-exempt multifamily housing revenue bonds or notes (Bonds) pursuant to the Act for the purpose of making a loan to Studio 15 II, L.P., a California limited partnership, or another limited partnership to be formed by Developer or an affiliate of Developer (Borrower), to be used by the Borrower to finance the acquisition, rehabilitation and equipping of a multifamily affordable rental housing development located at 1475 Imperial Avenue, San Diego, California 92101, as more fully identified in Exhibit A hereto (Project), including functionally related and ancillary facilities thereto; and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in connection with the Project within the period from the date 60 days prior to the date of adoption

of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and sections 1.150-2 of the United States Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior capital expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, by its resolution HAR20-043 adopted on March 9, 2021, the Authority has delegated to the San Diego Housing Commission (Housing Commission) authority and responsibility for declaring on behalf of the Authority its intention to authorize the issuance of the Bonds for the purpose of financing a portion of the costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower, and the purchaser of the Bonds) in an aggregate principal amount not to exceed \$40,000,000 as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue obligations that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation.

NOW, THEREFORE, BE IT RESOLVED, by the San Diego Housing Commission, as

follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Housing Commission hereby determines that it is necessary and desirable to provide financing to the Borrower for the Project (including reimbursement of the Reimbursement Expenditures) by the Authority's issuance and sale of Bonds pursuant to the Act in aggregate principal amount not to exceed \$40,000,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issue of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority, the Housing Commission or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Housing Commission has a reasonable expectation that the Authority will issue the Bonds to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from proceeds of the Bonds and amounts paid by the Borrower. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise

set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Housing Commission in part for purposes of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Housing Commission, for and on behalf of the Authority hereby declares the official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the Housing Commission, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, rehabilitation and equipping of the Project, or that any of the Authority, the Housing Commission or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The staff of the Housing Commission are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$40,000,000, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Approval of Bond Counsel and Financial Advisor. The financing team of Jones Hall, A Professional Law Corporation, as bond counsel (Bond Counsel) and CSG Advisors

Incorporated, as financial advisor, is approved for this Project.

Section 5. Authority of President & Chief Executive Officer of Housing Commission.

The President & Chief Executive Officer of the Housing Commission, or designee, is hereby authorized to execute all necessary documents, in a form approved by the Housing Commission's General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

EXHIBIT A

DESCRIPTION OF PROJECT

Name:	Studio 15
Location:	1475 Imperial Avenue, San Diego, California 92101
Number of Units:	274 (including 2 manager's units)
Maximum Bond Amount:	\$40,000,000

The foregoing Resolution is passed and adopted by the San Diego Housing Commission on _____, 2024.

By: _____
LISA JONES, President and Chief Executive
Officer of the San Diego Housing Commission