

NEW ISSUE – Book-Entry Only

RATING: Moody’s “Aa1/VMIG 1”
SEE “RATING” herein.

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

\$18,200,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

Dated: Date of Delivery
Initial Interest Rate: _____ %
Initial Offering Price: _____ %*

Initial Mandatory Tender Date: July 1, 2028*
Optional Call Date: any date on or after April 1, 2028*
Maturity Date: December 1, 2059*
CUSIP: _____

The Housing Authority of the City of San Diego (the “Issuer”) a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “State”) is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the “Bonds”) pursuant to a Trust Indenture dated as of May 1, 2026 (the “Indenture”), by and between the Issuer and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”). The Bonds shall bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth above (the “Initial Interest Rate”) from their date of issuance to but not including the Initial Mandatory Tender Date set forth above (the “Initial Mandatory Tender Date”), payable on each January 1 and July 1, commencing January 1, 2027*. The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 principal amount and any integral multiple of \$1,000 in excess thereof. See “THE BONDS” herein.

The Bonds are being issued to finance a loan (the “Loan”) to Hillcrest Hall LP, a California limited partnership (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquisition, construction and equipping of a 98-unit (including one manager’s unit) multifamily rental housing development located within the City of San Diego, California, and to be known as Hillcrest Hall (the “Project”). See “THE PROJECT” herein. The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of May 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower, under which the Borrower has agreed to provide, as described herein, payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due. The Loan will be evidenced by a Promissory Note in the principal amount of \$18,200,000* (the “Note”) from the Borrower to the Issuer and endorsed to the Trustee.

The Bonds are subject to mandatory tender for purchase (with no right of retention), subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. See “THE BONDS – Mandatory Tender” herein. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein. See “THE BONDS — Mandatory Redemption or Retirement” and “— Optional Redemption” herein.

At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient, along with earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds at the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, as further described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) in the principal amount of \$31,600,000* (the “Taxable Bonds”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the cost of the Borrower’s acquisition, construction and equipping of the Project. The Taxable Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Taxable Bonds.

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

* Preliminary; subject to change.

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

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED IN THE INDENTURE OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED THEREON OR OTHERWISE IN RESPECT THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER THEREIN CONTAINED OR THE BONDS OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL THERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) and subject to the approval of legality by Jones Hall LLP, San Mateo, California, and certain other conditions. *CSG Advisors Incorporated, Los Angeles, California, has served as Municipal Advisor to the Issuer.* Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by its counsel, Hobson Bernardino + Davis LLP, Culver City, California. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in Brooklyn, New York on or about May __, 2026.

This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. This entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision.

STIFEL

Date: May __, 2026

No broker, dealer, salesman or other person has been authorized by the Issuer, to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer.” The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside front cover, and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the “Commission”) or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the Appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the Appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit, or describe the scope and intent, or affect the meaning or construction, of any provision or section of this Official Statement.

CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

U.S. Bank Trust Company, National Association, a national banking association, as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

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OFFICIAL STATEMENT

\$18,200,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

INTRODUCTION

This Official Statement (this “Official Statement”) has been prepared in connection with the issuance of the above-captioned Bonds (the “Bonds”) by the Housing Authority of the City of San Diego (the “Issuer”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “State”). The Issuer has authorized the issuance of the Bonds, and the Bonds are issued pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “Act”), that certain resolution adopted by the Issuer on May 12, 2026 (the “Resolution”), and a Trust Indenture dated as of May 1, 2026 (the “Indenture”), by and between the Issuer and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”). The sale and issuance of the Bonds are contingent upon the Issuer’s prior approval of the financing. Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in “APPENDIX A — DEFINITIONS OF CERTAIN TERMS” hereto.

The Bonds are to be issued for the purpose of providing funds to make a loan (the “Loan”) to Hillcrest Hall LP, a California limited partnership (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquisition, construction and equipping of a 98-unit (including one manager’s unit) multifamily rental housing project located in San Diego, California, and to be known as Hillcrest Hall (the “Project”). See “PRIVATE PARTICIPANTS” and “THE PROJECT” herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of May 1, 2026 (the “Loan Agreement”), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the “Bond Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note in the principal amount of \$18,200,000* (the “Note”) from the Borrower to the Issuer and endorsed to the Trustee.

The aggregate funds and Eligible Investments on deposit in the Project Fund and the Collateral Fund will, at all times, equal the principal amount of Bonds Outstanding. Bond Service Charges will be paid from amounts on deposit in the Bond Fund, the Collateral Fund and the Project Fund (collectively the “Special Funds”), and investment earnings thereon. Amounts on deposit in the Special Funds will be invested in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to the Initial Interest Rate set forth on the cover page hereof from the date of delivery to, but not including, July 1, 2028* (the “Initial Mandatory Tender Date”), payable on each January 1 and July 1, commencing January 1, 2027* (each an “Interest Payment Date”).

The Bonds are subject to mandatory tender for purchase (with no right of retention), subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on each Mandatory Tender Date, as set forth in the Indenture. A new interest rate for the Bonds may be determined on the Initial Remarketing Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers

* Preliminary; subject to change.

of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein under “THE BONDS — Mandatory Redemption or Retirement” and “— Optional Redemption” herein.

Subject to the satisfaction of the conditions set forth in the Forward Commitment Agreement dated May 1, 2026 (the “Forward Commitment Agreement”) between the Borrower and Citibank, N.A. (in such capacity, “Citibank”), Citibank has agreed to make a loan to the Issuer (the “Funding Loan”) to purchase the Governmental Lender Note, as further described in the Indenture on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (such date being the “Funding Date”) which proceeds will be used to pay the purchase price of the Outstanding Bonds.

Brief descriptions of the Issuer, the Borrower, the Mortgage Lender, the Mortgage Loan, the Investor Limited Partner, the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Regulatory Agreement and Declaration of Restrictive Covenants (the “Tax Regulatory Agreement”), dated as of May 1, 2026, by and among the Issuer, the Trustee and the Borrower, are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entireties by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entireties by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

The information set forth herein under the headings “THE ISSUER” and “ABSENCE OF LITIGATION — The Issuer,” solely as such information relates to the Issuer, has been furnished by the Issuer. All other information set forth herein has been obtained from the Borrower and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, The Depository Trust Company or the Borrower since the date hereof.

THE ISSUER

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

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

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

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

housing or are rental assistance recipients serve for terms of two years, or until a replacement is appointed. The five remaining Commissioners serve terms of four years, or until a replacement is appointed.

Certain Third Party Consultants

Municipal Advisor. The Issuer has retained CSG Advisors Incorporated as its municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the Issuer, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

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

THE MORTGAGE LOAN, DEPOSITS INTO THE COLLATERAL FUND AND DISBURSEMENT OF BOND PROCEEDS

Contemporaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the “Mortgage Loan”) from Citibank, N.A. (the “Mortgage Lender”). Over time, Eligible Funds, including proceeds of the Mortgage Loan, are expected to be delivered to the Trustee for deposit into the Collateral Fund established by the Trustee under the Indenture. Upon the deposit of Eligible Funds into the Collateral Fund, and subject to the other applicable provisions set forth in the Indenture and the Loan Agreement, the Trustee shall disburse a like amount of Bond proceeds from the Project Fund to or at the direction of the Mortgage Lender for purposes of paying costs of the Project, all in accordance with the Loan Agreement and the Indenture. The maximum aggregate amount of funds representing proceeds of the Mortgage Loan to be delivered to the Trustee for deposit into the Collateral Fund will be \$18,200,000*.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund. The Indenture provides that the amount of funds disbursed from the Project Fund on any given date for payment of Qualified Project Costs shall at all times equal the amount of Eligible Funds deposited into the Collateral Fund in connection with such disbursement. Accordingly, the aggregate amount in the Collateral Fund and the Project Fund shall at all times equal 100% of the principal amount of the Bonds outstanding.

Notwithstanding any provision of the Loan Agreement or the Indenture to the contrary, the Trustee will not act upon the delivery of a certified copy of the request for disbursement of funds from the Project Fund, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited into the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has verified that the sum of the amount

* Preliminary; subject to change.

then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then-outstanding principal amount of the Bonds. The Mortgage Lender will not deliver Eligible Funds to the Trustee for deposit into the Collateral Fund until the Trustee has first confirmed this calculation to the Mortgage Lender. Upon receipt of Eligible Funds, the Trustee shall be unconditionally and irrevocably obligated to disburse Bond proceeds in the amount of such installment of Eligible Funds to pay for Costs of the Project as set forth in the Indenture.

Amounts on deposit in the Special Funds will be invested on the Closing Date in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Investment of the Special Funds; Eligible Investments” herein.

THE BONDS

Terms of Bonds Generally

The Bonds shall be issued in Authorized Denominations and shall mature on December 1, 2059* (the “Maturity Date”). The Bonds are dated as of the Closing Date and shall bear interest at the Initial Interest Rate from the Closing Date, to but not including the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing January 1, 2027*, and on each Mandatory Tender Date.

Interest on the Bonds shall be computed on the basis of a 360-day year of 12 months of 30 days each.

The principal of and interest on any of the Bonds shall be payable in lawful money of the United States of America. Except as described below under the sub-caption “Book-Entry-Only System,” (a) the principal of any Bond shall be payable upon presentation and surrender of such Bond as the same becomes due at the Designated Office of the Trustee or at such other office designated by the Trustee, and upon the request of any registered Owner of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, such principal shall be paid by wire transfer as provided in the Indenture, and (b) interest on the Bonds shall be paid on each Interest Payment Date by check which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond is registered at the close of business on the Record Date applicable to that Interest Payment Date on the registration books kept by the Trustee at the address appearing therein, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds as provided in the Indenture.

Mandatory Tender

All Outstanding Bonds shall be subject to mandatory tender (with no right of retention) by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire or check, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date and shall be paid in full on the applicable Mandatory Tender Date.

The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date, and (ii) any subsequent dates for mandatory tender of the Bonds established by the Borrower, with the prior written consent of the Investor Limited Partner, the Mortgage Lender and Citibank, and with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to the Indenture.

While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

* Preliminary; subject to change.

Notwithstanding anything in the Indenture to the contrary, any Bond tendered under this heading will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) if such date is also the Funding Date, amounts representing the purchase price of the Governmental Lender Note received from Citibank on deposit in the Funding Loan Fund; (ii) if such date is not also the Funding Date, amounts representing proceeds of remarketed Bonds deposited into the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (iii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase; (iv) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (v) any available interest earnings on amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (vi) any other Eligible Funds available or made available for such purpose at the direction of the Borrower, with the consent of the Issuer.

Bonds shall be deemed to have been tendered for purposes of this heading whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee and, subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Mandatory Tender, Redemption or Retirement Notice

Notice to Holders. Not less than twenty (20) days preceding the Initial Mandatory Tender Date and thirty (30) days preceding any other Mandatory Tender Date, the Trustee shall give written notice of mandatory tender, redemption or retirement to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Bonds are subject to mandatory tender for purchase or redemption or retirement on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase, redemption or retirement no later than 12:00 noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase, redemption or retirement and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased, redeemed or retired, as applicable, on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) any Bonds not tendered or presented for redemption or retirement will nevertheless be deemed to have been tendered, redeemed or retired and will cease to bear interest from and after the Mandatory Tender Date; and

(v) the CUSIP numbers of the Bonds to be tendered, redeemed or retired.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price, redemption price or retirement price of such Bond shall not have been delivered to the Trustee on or before the twentieth (20th) day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price, redemption price or retirement price applicable to the Bond.

Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this heading. Notices of tender, redemption and retirement may be conditional.

Mandatory Redemption or Retirement

The Bonds are subject to mandatory redemption or retirement, in whole, on any Mandatory Tender Date, upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to the Indenture and the Loan Agreement to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable redemption date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund.

Optional Redemption

The Bonds are subject to optional redemption prior to their maturity, at the written direction of the Borrower with the prior written consent of the Mortgage Lender, either in whole or in part on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Issuer and the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the redemption date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable redemption date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection. Notice thereof shall be given consistent with DTC procedures in accordance with the Indenture.

Notice of Optional Redemption

Notice to Holders. Not less than twenty (20) days preceding the redemption date, the Trustee shall give written notice of optional redemption to the Holders of the Bonds then Outstanding (with a copy to the Issuer, the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

- (i) the proposed redemption date;
- (ii) the redemption price;
- (iii) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and in the case of partial redemption, the respective principal amounts of the Bonds to be redeemed);
- (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and
- (v) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for redemption and the date of the required delivery.

Notices of redemption may state that no representation is made as to the accuracy or correctness of the CUSIP number or numbers provided thereon or on the Bonds. Notice of optional redemption may be conditional.

Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this heading.

Book-Entry Only System

The following information on the Book-Entry System applicable to all Bonds has been supplied by DTC and none of the Issuer, the Borrower or the Underwriter or any of their respective counsel, members, officers or employees make any representation, warranties or guarantees with respect to its accuracy or completeness or as to the absence of material adverse changes in such information subsequent to the date hereof.

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

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

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

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

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

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

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

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory tender for purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

The information in this section concerning DTC and DTC's Book-Entry System has been obtained from sources that are believed to be reliable, and the Issuer takes no responsibility for the accuracy thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate (which excludes the Reserved Rights in all cases), including (i) all right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of the Indenture and the Loan Agreement, together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate, (ii) all right, title and interest of the Issuer in and to the Note including all payments and

proceeds with respect thereto or replacement thereof, (iii) all moneys (including Eligible Funds received by the Trustee for deposit into the Collateral Fund provided that Mortgage Loan proceeds become part of the Trust Estate concurrently with the Trustee's corresponding disbursement of Bond proceeds to or at the direction of the Mortgage Lender in accordance with the provisions of the Indenture) which are at any time or from time to time on deposit in any fund or account created under the Indenture (excluding funds in the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), the Expense Fund, the Funding Loan Fund and the Rebate Fund, (iv) all right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement, and (v) all funds, moneys and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture (the foregoing collectively referred to as the "Trust Estate").

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

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED IN THE INDENTURE OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED THEREON OR OTHERWISE IN RESPECT THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER THEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL THERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts, which together with any moneys available for such payment in any account of the Bond Fund, shall be sufficient to pay Bond Service Charges coming due on each Interest Payment Date. At all times the Eligible Funds required to be deposited into the Collateral Fund and amounts on deposit in the Bond Fund and the Project Fund, if any, along with interest earnings thereon (without the need for reinvestment), will be sufficient to pay such Bond Service Charges, and payments by the Trustee of such amounts will be a credit against the Borrower's payment obligations under the Loan Agreement and the Note.

Investment of the Special Funds; Eligible Investments

All amounts on deposit in the Special Funds will be invested in Eligible Investments at all times. It is anticipated that all of the Bond proceeds in the Project Fund will be disbursed in accordance with the Indenture to pay Project Costs on and after the Closing Date and that Bond Service Charges will be paid from amounts on deposit in the Bond Fund and Collateral Fund and any investment earnings thereon.

Additional Bonds

The Indenture does not provide for the issuance of additional bonds on parity with the Bonds, except for the Taxable Bonds (defined herein).

PRIVATE PARTICIPANTS

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

The Borrower

Hillcrest Hall LP, a California limited partnership (the “Borrower”), is a single-asset entity formed for the specific purpose of developing and owning the Project. The administrative general partner of the Borrower is Hillcrest Hall AGP LLC, a California limited liability company (the “Administrative General Partner”), the sole member of which is CRP Affordable Housing and Community Development LLC, a Delaware limited liability company. The co-administrative general partner of the Borrower is E. Smith Hillcrest Hall LLC, a California limited liability company (the “Co-Administrative General Partner”), the sole member of which is E. Smith & Company, Inc., a California corporation. The managing general partner of the Borrower is Bold Hillcrest LLC, a California limited liability company (the “Managing General Partner”), the sole member of which is Bold Communities, a California nonprofit public benefit corporation. The Administrative General Partner, Co-Administrative General Partner and Managing General Partner are collectively referred to as the “General Partner” which General Partner will collectively own a 0.01% interest in the Borrower. RSEP Holding, LLC, a Delaware limited liability company, or its designee (together with its successors and assigns, the “Investor Limited Partner”), will own a 99.998% interest in the Borrower, and Red Stone Equity Manager, LLC, a Delaware limited liability company, or its designee, will be the special limited partner (together with its successors and assigns, the “Special Limited Partner”), and will own a 0.001% interest in the Borrower.

The Investor Limited Partner

Contemporaneously with the issuance of the Bonds, the Investor Limited Partner will acquire a 99.998% ownership interest in the Borrower. In connection with such acquisition, the Investor Limited Partner is expected to fund approximately \$24,355,952* of federal low-income housing tax credit equity (the “Tax Credit Equity”) to the Project, to be paid in stages during and after construction of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Developer

The developers for the Project are CRP Affordable Housing and Community Development LLC, a Delaware limited liability company (the “Developer”), Bold Communities, a California nonprofit public benefit corporation (the “Bold Co-Developer”), and E. Smith & Company, Inc., a California corporation (the “E. Smith Co-Developer,” and

* Preliminary; subject to change.

together with the Bold Co-Developer and the Developer, the "Developer," as the context may require). The Developer and E. Smith Co-Developer are located in San Diego, California, and the Bold Co-Developer is located in Los Angeles, California. The Developer commenced operations in 2019 and has six years of experience in affordable housing multifamily development. The Developer has developed 1,155 units in two states. The E. Smith Co-Developer commenced operations in 1986 and has 40 years of experience in affordable housing multifamily development. The E. Smith Co-Developer has developed over 1,100 units in California. The Bold Co-Developer commenced operations in 2021 and has 5 years of experience in affordable housing multifamily development. The Bold Co-Developer has developed over 100 units in California.

Limited Assets and Obligation of Borrower, General Partner, and Investor Limited Partner

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

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

The Property Manager

The Borrower has entered into a management agreement with FPI Management, Inc., a California corporation (the "Property Manager"), to manage the day-to-day operations of the Project. The Property Manager is not an affiliate of the Developer. The Property Manager has been involved in the management of affordable housing since 1968. The Property Manager currently manages 167,000 apartment units in 22 states.

The General Contractor

The general contractor for the Project is Ironcore Construction LLC, a California limited liability company (the "General Contractor"). The General Contractor is an affiliate of the Developer. Based in San Diego, California, the General Contractor was formed in 2019 and is a California-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 300 units of affordable apartments.

The Architect

The architect for the Project is Architects Orange, LLP (dba AO) (the "Architect"). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for 50 years and has been the principal architect for over 100 multifamily developments with a total of 50,000 units.

THE PROJECT

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

The Project, known as Hillcrest Hall, is located in San Diego, California, on an approximately 0.45-acre site. The Project contains 98 apartment units (including one manager's unit) in one building located at 1601 University

Avenue, San Diego, California 92103, with approximately 18,828 total square feet and has frontage along the south side of University Avenue and the east side of Herbert Street. Common area improvements will include: common room, study room and laundry room. Unit amenities include: dishwasher, range and refrigerator. There are nine parking spaces for resident use only.

It is anticipated that construction will commence promptly upon the issuance of the Bonds and funding of the initial installment of the Tax Credit Equity and will be completed in approximately 24 months.

The unit type, the unit mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Average Square Feet	Number of Units
1 Bedroom 1 Bath	525	35
2 Bedroom 1 Bath	748	28
3 Bedroom 1 Bath	991	<u>35</u>
TOTAL		98

Non-Residential Commercial Space – Retail Tenant

The Project includes approximately 2,691 square feet of non-residential, retail space on the ground floor of the building (the “Retail Space”) for community-serving retail and other uses. The Retail Space shall be subject to a Commercial Master Lease entered into as of the Closing Date (the “Commercial Master Lease”) between the Borrower and Hillcrest Hall Retail LLC, a California limited liability company (the “Retail Tenant”). The Retail Tenant is an affiliate of the Developer. The lease term begins upon issuance of a temporary certificate of occupancy for the project (currently anticipated around March 2028) and runs for a period of 55 years. The lease is structured as a nominal base-rent, triple-net arrangement: the tenant pays base rent of 1 dollar per year plus all premises operating costs, its pro rata share (currently 2.5 percent) of project real estate taxes, insurance and common area expenses, and is responsible for interior maintenance and tenant improvements. The Retail Space may be subleased to up to seven subtenants for “community-serving” commercial uses (such as cafe, barber, nonprofit office, and small retail) consistent with project regulatory restrictions. Rents under any sublease are retained by the Retail Tenant.

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Plan of Financing

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

Sources of Funds:*

Tax-Exempt Bond Proceeds ¹	\$18,200,000
Taxable Bond Proceeds	31,600,000
Tax Credit Equity	24,239,257
State Tax Credit Equity Loan	10,680,000
Housing Commission Loan	5,000,000
City Loan	3,175,000
San Diego Foundation Loan	2,000,000
Interest on Cash Back Forward (Tax-Exempt)	1,430,520
Interest on Cash Back Forward (Taxable)	2,475,900
Residual Receipts Loans – Accrued Interest	673,125
Deferred Developer Fee	<u>4,548,384</u>
Total Sources	<u>\$104,022,186</u>

Uses of Funds:*

Acquisition Costs	\$8,500,000
Construction Costs	31,450,267
Soft Costs	23,394,432
Costs of Issuance	348,500
Developer Fee	7,983,576
Reserves & Escrows	745,411
Repayment of Bond Principal	<u>31,600,000</u>
Total Uses	<u>\$104,022,186</u>

¹Subject to the satisfaction of the Conditions to Funding, Citibank shall make a loan to the Issuer on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (the "Funding Date") in an original principal amount not to exceed \$18,200,000*, the proceeds of which will be used by the Trustee to pay the purchase price of the Bonds, which will be exchanged for the Governmental Lender Note.

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

The Mortgage Loan. The Project will utilize a construction loan in the principal amount of up to \$49,800,000* (the "Mortgage Loan"). The Mortgage Loan will be secured by a senior mortgage on the Project and the obligation to repay the Mortgage Loan will be evidenced by a promissory note (the "Mortgage Note") from the Borrower to Citibank, N.A. (the "Mortgage Lender"). The Mortgage Note will have a term of 33 months*, with the right to one three-month extension plus one six-month extension, and will bear interest at a floating rate, but the Borrower will obtain a rate cap pursuant to which the interest rate payable by the Borrower will be no higher than the applicable strike price per annum, with no payments of principal during the term, and with all unpaid principal and interest due at maturity. The Mortgage Loan proceeds, in an amount not to exceed the principal amount of the Bonds, will be disbursed from time to time by the Mortgage Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

The Taxable Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds") in the principal amount of \$31,600,000*, the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, construction and equipping of the Project. The Taxable Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Taxable Bonds.

* Preliminary; subject to change.

The Low Income Housing Tax Credit Proceeds. Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.998% ownership interest in the Borrower. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately \$24,355,952*, with approximately \$2,435,595* expected to be funded in connection with the issuance of the Bonds. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The State Tax Credit Equity Loan. The Project will utilize a loan to the Borrower in the principal amount of \$10,680,000* (the “State Tax Credit Equity Loan”) pursuant to the State Low Income Housing Tax Credit Purchase and Transfer Agreement, by and among the Managing General Partner, the Investor Limited Partner, and the Borrower. The proceeds generated from the sale of certificated state tax credits will be used by the Managing General Partner to fund the State Tax Credit Equity Loan, which loan will have a term of 55 years, bear 0% interest and be payable only upon maturity. The State Tax Credit Equity Loan will be recourse and unsecured.

The Housing Commission Loan. The Project will also utilize a loan in the principal amount of \$5,000,000* (the “Housing Commission Loan”). The obligation to repay the Housing Commission Loan will be set forth in a promissory note (the “Housing Commission Note”) from the Borrower to the San Diego Housing Commission, as maker of the Housing Commission Loan, and the Housing Commission Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Housing Commission Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The Housing Commission Note will have a term of 55 years and will bear interest at a rate of 3.0% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The City Loan. The Project will also utilize a loan in the principal amount of \$3,175,000* (the “City Loan”). The obligation to repay the City Loan will be set forth in a promissory note (the “City Note”) from the Borrower to the City of San Diego, as maker of the City Loan, and the City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The City Note will have a term of 55 years and will bear interest at a rate of 3.00% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The San Diego Foundation Loan. The Project will also utilize a loan in the principal amount of \$2,000,000* (the “San Diego Foundation Loan”). The obligation to repay the San Diego Foundation Loan will be set forth in a promissory note (the “San Diego Foundation Note”) from the Borrower to the San Diego Foundation. The San Diego Foundation Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The San Diego Foundation Note will be unsecured. The San Diego Foundation Note will have a term of 5 years and will bear interest at a rate of 3% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

Deferred Developer Fee. The Project will utilize deferred developer fee in the anticipated amount of \$4,572,467* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

Project Regulation

The Borrower intends to operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Trustee and the Issuer will enter into the Tax Regulatory Agreement. Under the Tax Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period (as defined in the Tax Regulatory Agreement), the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is no more than 60% of the area median income (adjusted for family size) (“AMI”).

* Preliminary; subject to change.

See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT” herein.

In addition to the rental restrictions imposed upon the Project by the Tax Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the federal low-income housing tax credits anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the revenue-producing residential units in the Project (the “Tax Credit Units”). Within the Project, (i) 15 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 30% of the AMI adjusted for family size, (ii) 11 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 50% of the AMI adjusted for family size, (iii) 40 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and (iv) 31 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 70% of the AMI adjusted for family size.

In addition to the Tax Regulatory Agreement and the restrictions for the Tax Credit Units, the Project will be subject to the following restrictions and regulatory agreements with the San Diego Housing Commission and City of San Diego:

- Complete Communities Affordable Housing Floor Area Ratio Bonus Agreement Imposing Covenants, Conditions and Restrictions on Real Property between the Borrower and the San Diego Housing Commission (“SDHC”) restricts 17 units as “Affordable Units” in exchange for the FAR increase from 31 to 98 units, using HUD AMI and the SDHC utility allowance. The 17 units are allocated by AMI band and unit type as follows: 5 “Very Low Income Affordable Units” at or below 50% AMI (2 one bedroom, 1 two bedroom, 2 three bedroom), 7 “Low Income Affordable Units” at or below 60% AMI (2 one bedroom, 2 two bedroom, 3 three bedroom), and 5 “Moderate Income Affordable Units” at or below 120% AMI (2 one bedroom, 1 two bedroom, 2 three bedroom). For each of these units, maximum monthly rent (inclusive of utilities allowance) is capped at one twelfth of 30% of the relevant AMI band—50%, 60%, or 120% of AMI, respectively.

- Declaration of Covenants (SDHC loan) between the Borrower and the San Diego Housing Commission restricts 97 of the 98 units as “Affordable Units,” with one unrestricted manager’s unit. It fixes the mix by bedroom and AMI using HUD AMI for the San Diego Carlsbad area: for 1 bedrooms, 7 units at 30% AMI, 4 at 50% AMI, 20 at 60% AMI, and 4 at 70% AMI; for 2 bedrooms, 4 at 30% AMI, 3 at 50% AMI, 10 at 60% AMI, and 11 at 70% AMI; and for 3 bedrooms, 4 at 30% AMI, 4 at 50% AMI, 10 at 60% AMI, and 16 at 70% AMI. Maximum rents are capped at one twelfth of 30% of the applicable AMI level (30, 50, 60, or 70% as listed) adjusted for household size, minus a utility allowance, and 11 of the 97 units are designated as floating HOME units required to meet HOME income and rent limits for 20 years before reverting to the standard project restrictions.

- City Regulatory Agreement (PLHA/City loan) between the City of San Diego and the Borrower restricts 97 of the 98 units (all but the manager’s unit) as income and rent restricted “Dwelling Units” for 55 years from the Occupancy Date, using CTCAC AMI and rent limits. Of these 97 units across four AMI tiers and bedroom types: 15 units at 30% AMI (7 one bedroom, 4 two bedroom, 4 three bedroom), 11 units at 50% AMI (4 one bedroom, 3 two bedroom, 4 three bedroom), 40 units at 60% AMI (20 one bedroom, 10 two bedroom, 10 three bedroom), and 31 units at 70% AMI (4 one bedroom, 11 two bedroom, 16 three bedroom). For each tier, “Affordable Rent” is defined as a gross monthly rent (including a utilities allowance) that does not exceed the CTCAC published maximum rents for households at 30%, 50%, 60%, or 70% of AMI.

Property Tax Exemption

The Project is eligible for an exemption from certain ad valorem real estate taxes (collectively, the “Real Estate Taxes”) pursuant to Section 214(g) of the California Revenue and Taxation Code (“CRT Code”), implementing exemptions permitted under Article XIII of the California Constitution, which CRT Code Section 214(g) delineates the requirements of the welfare tax exemption (the “Welfare Exemption”). In California, affordable housing projects restricted with regulatory agreements with respect to the Bonds and Tax Credits may qualify for the Welfare Exemption when a nonprofit organization is part of the ownership structure and the property is used to provide housing to low-income households with incomes which do not exceed 80% of Area Median Income. This Welfare Exemption

applies to properties owned by nonprofits or by limited partnerships in which a nonprofit serves as the managing general partner, which nonprofit is an exempt organization under Internal Revenue Code Section 501(c)(3) or California Franchise Tax Board Section 23701d. The Managing General Partner is owned by Bold Communities, a California nonprofit public benefit corporation and an organization exempt under Section 501(c)(3) of the Internal Revenue Code. To be eligible, the property must be used exclusively for charitable purposes (typically, at least 90% of the units must be restricted to and occupied by low-income resident), and must be subject to a long-term affordability regulatory agreement, among other statutory requirements under CRT Code Section 214(g). The Welfare Exemption can apply to both land and improvements, and may be full or partial depending on the actual qualified use and occupancy of the property by low-income residents with incomes which do not exceed 80% of Area Median Income. To claim the exemption, the nonprofit must submit the appropriate annual filings to the County Assessor and the State Board of Equalization, with annual filings required to maintain the Welfare Exemption.

The Managing General Partner has undertaken or will undertake the applicable duties and filing responsibilities under the terms of the Partnership Agreement to qualify for the Welfare Exemption. The granting of the welfare exemption under CRT Code Section 214(g) is subject, in all instances, to certain administrative and discretionary determinations of the County Assessor and the State Board of Equalization based on the actual use and occupancy of the Project on an annual basis.

CERTAIN BONDHOLDERS' RISKS

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

General

Payment of the Bond Service Charges, and the Borrower's obligations with respect to the Bond Service Charges, will be secured by and payable from Bond proceeds held in the Project Fund, if any, and moneys deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Bond Fund, Project Fund, if any, and Collateral Fund, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. It is expected that all of the Bond proceeds in the Project Fund will be disbursed to pay Project Costs on and after the Closing Date. At all times funds on deposit in the Collateral Fund and Negative Arbitrage Account of the Bond Fund, and the interest earnings thereon (without the need for reinvestment), will be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security, and are not secured by a mortgage. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, the principal amount of the Bonds is to be deposited in the Project Fund, and an amount equal to the aggregate interest payments on the Bonds from the date of delivery to the Initial Mandatory Tender Date is to be deposited in the Negative Arbitrage Account. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Investment of Special Funds.” Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Initial Mandatory Tender Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Future Determination of Taxability of the Bonds

Failure of the Borrower to have complied with and to continue to comply with certain covenants contained in the Loan Agreement and the Tax Regulatory Agreement could result in interest on the Bonds being taxable retroactive to the date of original issuance of the Bonds. The Bonds are not subject to redemption upon a determination of taxability and are not subject to payment of additional interest in such an event, and neither the Issuer nor the Borrower will be liable under the Bonds, the Indenture or the Loan Agreement for any such payment of additional interest on the Bonds.

Issuer Limited Liability

The Bonds are limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. The Bondholders will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Trust Estate for the Bonds will be the only source of payment on the Bonds.

Enforceability of Remedies upon an Event of Default

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

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Remarketing Agent will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Eligible Investments

Proceeds of the Bonds deposited into the Project Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See “APPENDIX A — DEFINITIONS OF CERTAIN TERMS” hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Rating Based on Eligible Investments

The rating on the Bonds is based on the amounts in the Project Fund, Bond Fund and the Collateral Fund being invested in Eligible Investments. If one or more of such investments fail to meet the rating standards for Eligible

Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

Subordination to Mortgage Loan Documents

The Indenture, the Loan Agreement, the Note, and the Tax Regulatory Agreement contain provisions regarding subordination of such documents to the Mortgage Loan Documents. No assurance can be given that such provisions will not impair the excludability of interest on the Bonds from gross income for federal income tax purposes.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

In recent years, the Internal Revenue Service (“IRS”) has increased the frequency and scope of its examination and other enforcement activity regarding tax exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See “TAX MATTERS” herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Potential Impact of Pandemics or Public Health Crises

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

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Jones Hall LLP, Bond Counsel, whose opinion will be available at the time of delivery of the Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix F.

Federal Tax Status

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

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

Tax Treatment of Original Issue Discount and Premium

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

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

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

California Tax Status

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

Other Tax Considerations

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

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

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

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the “Bond Purchase Agreement”), among Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), the Issuer, and the Borrower, the Underwriter has agreed to purchase the Bonds at the price set forth on the cover page hereof. For its services relating to the transaction, the Underwriter will receive a fee of \$ _____, payable in immediately available funds on the Closing Date, from which the Underwriter shall pay certain fees and expenses relating to the issuance of the Bonds. The Underwriter’s fee shall not include the fee of its counsel.

The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Bond Purchase Agreement, the Borrower has agreed to indemnify the Underwriter and the Issuer against certain civil liabilities, including liabilities under federal securities laws. It is intended that the Bonds will be offered to the public initially at the offering prices set forth on the cover page hereof and that such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

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

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include securities sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Issuer and/or the Borrower and to persons and entities with relationships with the Issuer and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and/or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds on the Initial Mandatory Tender Date.

RATING

Moody's Investors Service, Inc., a Delaware corporation (the "Rating Agency"), has assigned to the Bonds the rating set forth on the cover page hereof. The rating reflects only the view of the Rating Agency at the time the rating was issued and an explanation of the significance of such rating may be obtained from the Rating Agency. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Bonds.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The Borrower has undertaken responsibility for any continuing disclosure to Holders of the Bonds as described below, and the Issuer will have no liability to the Holders of the Bonds or any other person with respect to such disclosures.

Concurrently with the issuance of the Bonds, the Borrower will enter into a Continuing Disclosure Agreement dated as of May 1, 2026 (the "Continuing Disclosure Agreement") with U.S. Bank Trust Company, National Association, a national banking association, as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See "APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

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

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

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Jones Hall LLP, San Mateo, California. The approving opinion of Bond Counsel, in substantially the form set forth as APPENDIX F to this Official Statement, will be delivered with the Bonds. Certain legal matters will be passed upon for the Borrower by its counsel, Hobson Bernardino + Davis LLP, Culver City, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. Compensation for certain of such counsel is contingent upon the issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering those opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional

judgment of the transaction opined upon or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

The Issuer

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

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any general partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of this Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by this Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower or (iv) which contests in any way the completeness or accuracy of this Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by this Official Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and is believed to be reliable, but has not been verified independently by the Issuer or the Underwriter. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Borrower, the Issuer or the Underwriter.

The Issuer has appointed U.S. Bank Trust Company, National Association, a national banking association, as Trustee under the Indenture. The Trustee is a national banking association having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Loan Agreement, and the other Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds (except for the certificate of authentication on each Bond), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged

or assigned as security for the Bonds, the technical or financial feasibility of the expected uses of proceeds of the Bonds or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer or the Borrower from the date hereof.

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

The information set forth herein under the headings “THE ISSUER” and “ABSENCE OF LITIGATION — The Issuer,” solely as such information relates to the Issuer, has been furnished by the Issuer. All other information set forth herein has been obtained from the Borrower and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, The Depository Trust Company or the Borrower since the date hereof.

[Signature page to follow]

IN WITNESS WHEREOF, the foregoing Official Statement has been executed by the undersigned as of the date first written above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

“Act” means Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authorized Borrower Representative” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“Authorized Denomination” means (a) so long as the Bonds are rated “BBB-” or higher by a Rating Agency, \$5,000, or any integral multiple of \$1,000 in excess thereof, or (b) at any other time, \$100,000 or any integral multiple of \$1,000 in excess thereof, or the outstanding principal amount of the Bonds, if less.

“Authorized Issuer Representative” means any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf.

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

“Beneficial Owner” means any person for whom a Participant acquires an interest in the Bonds.

“Bond Counsel” means Jones Hall LLP or other counsel retained by the Issuer, the Borrower or the Underwriter and acceptable to the Issuer, which counsel shall be nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

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

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated May __, 2026, among the Issuer, the Borrower and Underwriter.

“Bond Service Charges” means, pursuant to the Loan Agreement, payments made by the Borrower to the Trustee for the account of the Issuer in an amount sufficient to pay the principal of and interest on the Bonds when due to the extent that amounts otherwise available for such payment are insufficient therefor.

“Bondholder” or “Holder of the Bonds” or “Holder” or “Owner of the Bonds” or “Owner” when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained by the Trustee at the Designated Office for that purpose.

“Bonds” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt).

“Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates “immobilized” in the custody of the Securities Depository.

“Borrower” means Hillcrest Hall LP, a California limited partnership, organized and existing under the laws of the State, and its permitted successors and assigns.

“Borrower Documents” means the Loan Agreement, the Note, the Tax Certificate, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement, but excluding the Mortgage Loan Documents.

“Borrower Loan Agreement” means the Borrower Loan Agreement, the form of which is attached to the Indenture as an appendix, which Borrower Loan Agreement shall be completed, executed, and delivered and become effective on the Funding Date.

“Borrower Representative” means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

“Borrower’s Obligations” means, without limitation, the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents, including to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement (including, without limitation, the Issuer Fees and Expenses and all indemnification payments due under the Loan Agreement), the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Tax Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

“Business Day” or “business day” means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located is authorized or obligated by law or executive order to be closed, or (ii) the New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

“Cash Flow Projection” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by, and provided by or on behalf of, the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges due on the Bonds, the Issuer Fees and Expenses, and Trustee’s Fee and expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in the Indenture, (iii) the release of Eligible Funds from the Negative

Arbitrage Account of the Bond Fund, as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as permitted in the Indenture, (v) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par; or (vi) the optional redemption of the Bonds as provided in the Indenture.

“Certificate of Occupancy” means the temporary or final certificate(s) of occupancy, as the case may be, issued by the State Department of the State or City of San Diego for the multifamily units in the Project, or if certificate(s) of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.

“Citibank” means Citibank, N.A., a national banking association, and its successors and assigns.

“Closing Date” means May __, 2026, the date of delivery of the Bonds in exchange for the purchase price therefor.

“Closing Memorandum” means the closing memorandum or settlement statement signed by the Borrower to be delivered on or before the Closing Date.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto.

“Collateral Fund” means the Collateral Fund established pursuant to the Indenture.

“Completion Certificate” means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in the Loan Agreement, a form of which is attached to the Loan Agreement as an exhibit.

“Completion Date” means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

“Conditions to Funding” has the meaning given to that term in the Forward Commitment Agreement.

“Construction Draw Schedule” means the schedule of the disbursement of the proceeds of the Bonds as provided in an exhibit attached to the Loan Agreement, as the same may be amended from time to time with the consent of the Mortgage Lender (to the extent consent is required by the Mortgage Loan Documents).

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of May 1, 2026, between the Borrower and the Dissemination Agent, as the same may be amended, restated, supplemented or modified from time to time.

“Costs” with respect to the Project shall be deemed to include all items permitted to be financed under the applicable provisions of the Code and the Act, subject to the provisions of the Indenture and of the Borrower Documents.

“Costs of Issuance” means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer (including, without limitation, the Issuer Fee and any applicable fees of the Trustee) or the Borrower and related to the authorization, issuance and sale of the Bonds.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to the Indenture.

“Default” means any Default under the Loan Agreement as specified in and defined by the Indenture.

“Designated Office” of the Trustee, the Remarketing Agent or the Underwriter means, respectively, the designated corporate trust office of the Trustee at which its corporate trust business shall be administered or the office of the Remarketing Agent or the Underwriter at the respective Notice Address, or the designated corporate trust office of any successor Trustee, or at such other address as may be specified in writing by the Trustee, successor Trustee, the Remarketing Agent or the Underwriter, as applicable, from time to time, in accordance with the Indenture.

“Determination of Taxability” means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for federal income tax purposes (other than any Holder who is a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

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

“Documents” means and shall include (without limitation), with respect to the Bonds, the Indenture, the Loan Agreement, the Note, the Guarantor Indemnification, the Tax Regulatory Agreement, the Tax Certificate and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer’s Obligations or the Borrower’s Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto, but excluding the Mortgage Loan Documents.

“Eligible Funds” means, as of any date of determination, any of:

- (a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);
- (b) moneys drawn on a letter of credit;
- (c) moneys received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan;
- (d) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase and or remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);
- (e) any other amounts, including the proceeds of any refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period;
- (g) proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date; and
- (h) investment income derived from the investment of the money described in subsections (a) through (g) hereof.

“Eligible Investments” means, subject to the provisions of the Indenture, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms

of the Indenture, to the extent the same are at the time legal for investment of the funds held under the Indenture (written direction of the Issuer or the Borrower to invest funds shall be conclusive evidence that the directed investment is at the time a legal investment of the funds held under the Indenture):

(a) Governmental Obligations; and

(b) To the extent permitted in the Indenture, shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by a Rating Agency for that general category of security) including mutual funds of the Trustee or its Affiliates or for which the Trustee or an Affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

“Event of Default” or “Default” means, when used in the Indenture, those events of default or defaults specified therein and, when used in the Loan Agreement, those events of default or defaults specified therein.

“Expense Fund” means the Expense Fund created pursuant to the Indenture.

“Extension Payment” means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

“Forward Commitment Agreement” means that certain Forward Commitment Agreement dated the Closing Date, between the Borrower and Citibank, pursuant to which Citibank has agreed, subject to satisfaction of the Conditions to Funding, to make the Funding Loan to the Issuer, the proceeds of which will be used by the Trustee to pay the purchase price of the Bonds which shall be exchanged for the Governmental Lender Note, as such commitment may be amended, modified or supplemented from time to time.

“Funding Date” means the date on which the Conditions to Funding are satisfied and Citibank makes the Funding Loan, which Funding Date shall occur, if at all, on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date.

“Funding Loan” means the loan from Citibank to the Issuer pursuant to the provisions of the Funding Loan Agreement.

“Funding Loan Agreement” means the Funding Loan Agreement attached as an appendix to the Indenture, which Funding Loan Agreement shall be executed, delivered and become effective on the Funding Date.

“Funding Loan Fund” means the Funding Loan Fund created in the Indenture.

“General Partner” means, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner (the “Managing General Partner”), (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the administrative general partner (the “Administrative General Partner”), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner, and/or (iv) any other Person that the partners of the Borrower, selected to be a General Partner of the Borrower.

“Governmental Authority” means any federal, State or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

“Governmental Lender Note” means the Housing Authority of the City of San Diego Limited Obligation Multifamily Housing Revenue Note (Hillcrest Hall) in such issue designation assigned to it on the Funding Date, to be executed and delivered pursuant to the Funding Loan Agreement.

“Governmental Obligations” means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“Guarantor” means, collectively, Castellan Holdings LLC, a Delaware limited liability company, and/or any other person or entity which may hereafter become a guarantor of any of the Borrower’s obligations under the Loan.

“Guarantor Indemnification” means the Guarantor Indemnification, dated as of the Closing Date, made by the Guarantor in favor of the Issuer.

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aa1” or “Aa1”/“VMIG-1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“Indenture” means the Trust Indenture, dated as of May 1, 2026, by and between the Issuer and the Trustee, and any and all Supplements thereto.

“Independent” means any person not an employee or officer of the Borrower or its Affiliates.

“Initial Deposit” means Eligible Funds in the amount set forth in the Indenture.

“Initial Interest Rate” means ____ %.

“Initial Mandatory Tender Date” means July 1, 2028*.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if (i) the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied, and (ii) the Initial Mandatory Tender Date is not the Funding Date.

“Interest Payment Date” means (a) January 1 and July 1 of each year beginning January 1, 2027*, and (b) each Mandatory Tender Date.

“Interest Rate” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, as applicable, and thereafter the applicable Remarketing Rate; provided, however, commencing on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Interest Rate shall be established in accordance with the Indenture.

“Investor Limited Partner” means RSEP Holding, LLC, a Delaware limited liability company, or successors and assigns.

“Issuer” means the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the laws of the State, and any successor to its rights, duties and obligations.

“Issuer Documents” means the Loan Agreement, the Indenture, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Tax Certificate and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan.

* Preliminary; subject to change.

“Issuer Fee” means the one-time, up-front fee to be paid to the Issuer on the Closing Date.

“Issuer Fees and Expenses” means (i) the Issuer Fee and (ii) any other fees, charges, costs, advances, indemnities and expenses (including attorneys’ fees and expenses), whether out-of-pocket or internal, that may be incurred at any time by the Issuer under the Indenture or under or in connection with the Documents or the Bonds, or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, or otherwise in connection with the Bonds or the Project, as set forth in the Tax Regulatory Agreement.

“Issuer Indemnified Party” or “Issuer Indemnified Parties” means the Issuer, and any past, present, and future directors, members, officers, agents, employees or attorneys of the Issuer, its successors and assigns.

“Issuer’s Obligations” means the obligations of the Issuer under the Bonds, the Indenture, and the other Documents to which the Issuer is a party, subject in the entirety to the Indenture, to (a) pay the principal of and interest on the Bonds (including supplemental interest) solely and exclusively from the Trust Estate, when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, the Indenture, or any of the other Documents, to perform and observe.

“Liabilities” means any and all causes of action (whether in contract, tort or otherwise), claims, actions, damages (including, but not limited to, consequential, indirect, special and punitive damages), demands, judgments, liabilities, losses, suits, fines, penalties, costs, taxes and expenses (including, without limitation, costs of investigation, attorney’s fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) of every kind, character and nature whatsoever.

“Loan” means the loan by the Issuer to the Borrower in the principal amount of \$18,200,000* evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of May 1, 2026, between the Issuer and the Borrower, and any and all Supplements thereto.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and the Loan Agreement.

“Local Time” means Eastern time (daylight or standard, as applicable).

“Mandatory Tender Date” means each date on which all Outstanding Bonds are subject to mandatory tender as set forth in the Indenture, including the Initial Mandatory Tender Date.

“Maturity Date” means December 1, 2059*.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

“Mortgage Lender” means Citibank, N.A., and any successors or assigns.

“Mortgage Loan” means the taxable construction loan to be made by the Mortgage Lender to the Borrower with respect to the Project, as described and provided for in the Mortgage Loan Documents.

“Mortgage Loan Documents” means the Mortgage Loan Security Instrument, the mortgage note, and all other documents required by the Mortgage Lender in connection with the Mortgage Loan.

* Preliminary; subject to change.

“Mortgage Loan Security Instrument” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Taxable), dated as of May 1, 2026, executed by the Borrower for the benefit of the Mortgage Lender, as beneficiary, securing the Mortgage Loan, as the same may be amended, supplemented or restated.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

“Note” means the Promissory Note, dated the Closing Date from the Borrower to the Issuer, in substantially the form attached as an exhibit to the Loan Agreement and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

“Notice Address” means in respect of a party, the applicable notice address designated pursuant to the Indenture.

“Official Statement” means this Official Statement dated May __, 2026, relating to the Bonds.

“Opinion of Counsel” means an opinion from an attorney or firm of attorneys, acceptable to the addressee thereof, with experience in the matters to be covered in the opinion.

“Optional Call Date” means any date on or after April 1, 2028*.

“Outstanding,” “outstanding” or “Bonds Outstanding” when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;
- (b) Bonds for the payment of which moneys or obligations shall have been irrevocably deposited with the Trustee in accordance with the Indenture;
- (c) Bonds paid pursuant to the Indenture; or
- (d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated May __, 2026 as it may be amended in accordance with the Borrower Documents and the Mortgage Loan Documents.

“Permitted Encumbrances” means the Mortgage Loan Security Instrument, together with all other encumbrances that are “Permitted Encumbrances” within the meaning given such term in the Mortgage Loan Security Instrument.

“Person” shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

“Project” means the multifamily rental housing project located in the City of San Diego, California, known or to be known as “Hillcrest Hall,” which, upon completion, will contain approximately 98 affordable rental housing units (including one manager’s unit) and which may include such ancillary uses as parking, community space, and other functionally related and subordinate uses. The Project also includes approximately 2,394 square feet of commercial retail space which will be subject to a master lease between the Borrower, as lessor, and an affiliate of the Administrative General Partner, as lessee, and not funded from the Bonds as Qualified Project Costs.

* Preliminary; subject to change.

“Project Fund” means the Project Fund established pursuant to the Indenture.

“Qualified Project Costs” means any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its “official intent” (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a “qualified residential rental project” within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project’s capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, “Qualified Project Costs” do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) of the Borrower. As used in the Indenture, the term “preliminary expenditures” includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

“Rating Agency” means any national rating agency then maintaining a rating on the Bonds, and initially means Moody’s.

“Rating Category” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“Rebate Amount” means the amount, if any, which is to be paid to the United States of America pursuant to Section 148(f) of the Code and Section 4.06 hereof.

“Rebate Analyst” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Borrower and acceptable to the Issuer, the expense of which shall be borne by the Borrower, to calculate the Rebate Amount. The initial Rebate Analyst will be Tiber Hudson LLC.

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

“Record Date” means the 15th day of the month preceding any Interest Payment Date or 45 days prior to any Mandatory Tender Date.

“Register” has the meaning set forth in the Indenture.

“Remarketing Agent” means Stifel, Nicolaus & Company, Incorporated or any successor as Remarketing Agent designated in accordance with the Indenture.

“Remarketing Agreement” means the Remarketing Agreement, dated as of May 1, 2026, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Date” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the earlier of (i) the last day of the term for which Bonds are remarketed pursuant to the Indenture, or (ii) the final Maturity Date of the Bonds.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund established pursuant to the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Requisition” means the written request to make a disbursement from the Project Fund in substantially the form attached as an appendix to the Indenture, submitted in the manner provided pursuant to the Indenture.

“Reserved Rights” means the rights of the Issuer set forth in the Indenture, the Loan Agreement and the other Issuer Documents to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment of its Issuer Fee, and payment or reimbursement for any other Issuer Fees and Expenses, (d) the benefit of all provisions providing the Issuer immunity from, and limitation of, liability, (e) indemnification from liability by the Borrower and Guarantor (including under the Guarantor Indemnification) and (f) security for the Borrower’s and Guarantor’s indemnification obligation.

“Revenues” means (a) the Loan Payments, (b) the Eligible Funds received by the Trustee for deposit into the Collateral Fund, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing moneys. The term “Revenues” does not include any money or investments in the Rebate Fund, the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), or the Expense Fund, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights.

“Securities Depository” means The Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

“Special Funds” means, collectively, the Bond Fund, the Collateral Fund, the Project Fund and any accounts therein, all as established pursuant to the Indenture.

“State” means the State of California.

“Supplement” or “Supplements” means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

“Tax Certificate” means, collectively, the Certificate as to Arbitrage, dated the Closing Date, between the Issuer and the Borrower, and the Certificate Regarding Use of Proceeds, dated the Closing date, executed by the Borrower.

“Tax Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of May 1, 2026, by and among the Issuer, the Trustee and the Borrower relating to the Bonds, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.

“Title Company” means First American Title Insurance Company, through its authorized agent, Newmark Title Services, LLC.

“Trust Estate” means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses of the Indenture, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General” herein.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association, organized and existing under the laws of the United States and authorized to conduct business in the State, and its successor or successors in the trust created by the Indenture.

“Trustee’s Fee” means, initially, \$4,000 per year, subject to adjustment in accordance with the Trustee’s fee schedule.

“Undelivered Bond” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

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

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Indenture. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

Governmental Lender Note; Exchange for Bonds

If the Conditions to Funding have been satisfied on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Funding Date shall occur and, on such Funding Date, (i) the Bonds shall be subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds shall be paid by the Trustee with the proceeds received from Citibank to purchase the Governmental Lender Note on deposit in the Funding Loan Fund, (iii) the Funding Loan Agreement in substantially the form attached to the Indenture as an appendix and the Borrower Loan Agreement in substantially the form attached to the Indenture as an appendix shall be delivered by the respective parties and become effective and shall supersede the Indenture and the Loan Agreement, respectively, (iv) the Bonds shall be removed from the Book-Entry System and exchanged for a physical Governmental Lender Note (in the form attached as Exhibit A to the Funding Loan Agreement) which shall be purchased by Citibank, and (v) the proceeds of the Funding Loan received by the Trustee on behalf of the Issuer from Citibank to purchase the Governmental Lender Note, which shall be in an aggregate principal amount equal to the principal amount of the then-Outstanding Bonds for which it is exchanged, shall be delivered to the Trustee for deposit in the Funding Loan Fund, and (vi) a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund.

The Issuer, subject to the provisions of the Indenture, as governmental lender agrees to execute and deliver the Funding Loan Agreement, the Governmental Lender Note and the Borrower Loan Agreement and any other Funding Loan Documents (as defined in the Funding Loan Agreement) to be executed in connection with Citibank's purchase of the Governmental Lender Note which shall be exchanged for the Bonds in the aggregate principal amount set forth in the Indenture on the Funding Date.

The Governmental Lender Note shall mature on the Maturity Date, subject to earlier prepayment as provided in the Funding Loan Agreement. The unpaid principal balance of the Governmental Lender Note shall be paid on the dates and in the amounts set forth in the Borrower Note (as defined in the Funding Loan Agreement).

The purchase of the Governmental Lender Note by Citibank shall be conditioned upon the satisfaction of the Conditions to Funding including the delivery of the items set forth in the Funding Loan Agreement.

Creation of Funds

The following trust funds are created by the Indenture by the Issuer and ordered established with the Trustee, to be maintained in the custody of the Trustee each as a separate bank account, to be used for the purposes as provided in the Indenture:

(a) Bond Fund. The Bond Fund, and within the Bond Fund, the "Negative Arbitrage Account" and the "Remarketing Proceeds Account".

(b) Project Fund. The Project Fund, which fund shall be administered in accordance with the provisions of the Indenture.

(c) Rebate Fund. The Rebate Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Rebate Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

(d) Costs of Issuance Fund. Moneys held in the Costs of Issuance Fund that are not proceeds of the Bonds are not held for the benefit of the Owners and are not part of the Trust Estate. Any moneys held in the Costs of Issuance Fund that are proceeds of the Bonds are held for the benefit of the Owners and are part of the Trust Estate.

(e) Collateral Fund. The Collateral Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Collateral Fund are held for the benefit of the Owners and are part of the Trust Estate.

(f) Funding Loan Fund. The Funding Loan Fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Funding Loan Fund shall be used to purchase the Bonds upon the Funding Date when the Bonds will be exchanged for the Governmental Lender Note.

(g) Expense Fund. The Expense Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Expense Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

The Trustee may create one or more accounts or subaccounts within any fund authorized by the Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of the Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

In the event certain moneys are deposited with the Trustee prior to the Closing Date, whether or not pursuant to one or more letters of instruction from the provider or providers of such moneys, such moneys shall be held by the Trustee subject to the terms and conditions of the Indenture, in addition to the terms of any such letter(s) of instruction. For such purpose, the standards of care, any provisions governing the responsibilities, protections and indemnification and other provisions relating to the Trustee contained in the Indenture and in the Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into any such letter(s) of instructions.

Deposits into and Use of Moneys in the Bond Fund

On the Closing Date, the Trustee shall deposit the Initial Deposit, if any, into the Negative Arbitrage Account of the Bond Fund; the Bond Fund and amounts on deposit in the Bond Fund are to be invested pursuant to the Indenture. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall also be deposited into the Negative Arbitrage Account. The Trustee is authorized to release funds in the Negative Arbitrage Account to the Borrower upon receipt of a written instruction from the Borrower and an updated Cash Flow Projection.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Except as otherwise provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due.

Collateral Fund; Project Fund

Upon receipt, the Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee shall transfer money in the Collateral Fund as follows: (i) if such date is also the Funding Date, a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund (ii) if such date is not the Funding Date, on a Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any redemption date of the Bonds, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Upon receipt, the Trustee shall deposit the proceeds of the Bonds (including the principal of, and premium on, the Bonds) into the Project Fund. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer or the Borrower, after the Project has been completed and a Completion Certificate is filed by the Borrower as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer and the Borrower.

The Borrower expects that the Project will proceed substantially in accordance with the Construction Draw Schedule, except as otherwise approved by the Mortgage Lender. Each Requisition submitted to the Trustee shall evidence and request disbursements from the Project Fund and/or the Costs of Issuance Fund.

Notwithstanding any other provision of the Indenture to the contrary, after the Closing Date the Trustee shall not disburse moneys from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until the Trustee receives satisfactory evidence that Eligible Funds in an amount equal to or greater than the requested disbursement amount (the "Collateral Deposit") has been deposited in the Collateral Fund. Prior to making any disbursement, the Trustee shall verify that upon making the disbursement, the aggregate amount to be held in (i) the Bond Fund, (ii) the Collateral Fund and (iii) the Project Fund, together with projected investment earnings thereon, will be sufficient to pay Bond Service Charges on the outstanding Bonds as and when they become due. In the event that, following receipt of the Collateral Deposit and Requisition, the Trustee determines that it cannot correspondingly disburse Bond proceeds from the Project Fund to or at the direction of the Borrower or the Mortgage Lender, the Trustee shall promptly notify the Borrower and the Mortgage Lender, as applicable, of the reason for such determination and shall, promptly upon the request of the Borrower or the Mortgage Lender, return the subject Collateral Deposit to the party that deposited such Collateral Deposit with the Trustee.

On the Closing Date, the Trustee shall transfer Bond proceeds in the amount described in the Closing Memorandum to the Trust Estate securing the Taxable Bonds, and no additional amounts shall be disbursed from the Project Fund except in accordance with this section.

The proceeds of the Bonds shall be allocated exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 142(d) of the Code; and (ii) shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located, so that each building and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower,

any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided, further, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under the Indenture.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount for the Bonds has been declared to be due and immediately payable under the Indenture, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund for payment of Bond Service Charges.

Funding Loan Fund

On the Funding Date, the Trustee shall deposit into the Funding Loan Fund the proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date, which amount shall be used on the Funding Date to purchase the Bonds which shall be exchanged for the Governmental Lender Note.

Procedure for Making Disbursements from Project Fund

Upon the deposit of Eligible Funds into the Collateral Fund, as provided in the Indenture, the Trustee shall disburse the proceeds of the Bonds on deposit in the Project Fund on such date solely to pay the Costs of the Project and only upon receipt by the Trustee of (i) a signed Requisition in substantially the form attached as an appendix to the Indenture approved by the Mortgage Lender and (ii) certification by a Borrower Representative that at least 95% of the total Costs of the Project intended to be paid with such Bond proceeds are qualified costs pursuant to Section 142 of the Code, the Trustee shall disburse from the Project Fund Bond proceeds, in the amount set forth in the applicable Requisition, solely to pay Costs of the Project. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee shall not sell or otherwise terminate such Eligible Investments prior to their stated maturity date and instead the Trustee is instructed by the Indenture to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Costs of the Project: (a) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund, and (b) transfer to the Project Fund a like amount of Eligible Funds on deposit in the Collateral Fund to be disbursed in accordance with the Indenture. The Issuer shall have no involvement and/or discretion with respect to the review and approval of Requisitions or the disbursement of funds from the Project Fund.

The Trustee shall not disburse money from the Project Fund, other than to pay interest and principal on the Bonds as otherwise permitted under the Indenture, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund in accordance with the Indenture. In accordance with the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest and principal payments on the Bonds as otherwise permitted under the Indenture), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds.

Money in the Project Fund shall be disbursed in accordance with the provisions of the Loan Agreement and the Indenture. To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Notwithstanding anything contained in the Indenture or any of the Borrower Documents to the contrary: with respect to Eligible Funds funded by the Mortgage Lender for deposit into the Collateral Fund, the Trustee shall be irrevocably and unconditionally obligated to disburse an equal amount of funds from the Project Fund to either the Mortgage Lender, the Borrower or the Title Company pursuant to a Requisition as directed by the Mortgage Lender. Such disbursements shall be made pursuant to a Requisition and shall not be made more frequently than once per month.

Subject to the Trustee's obligation to return the Eligible Funds to the Mortgage Lender as set forth below, the Trustee and the Issuer shall not, in any event, be responsible or liable to any person for the disbursement of, or failure to disburse, moneys from the Project Fund or any part thereof, and no contractor, subcontractor or material or equipment supplier or their respective successors and assigns shall have any right or claim against the Trustee or the Issuer under the Indenture.

Notwithstanding anything contained in the Indenture or any of the Borrower Documents to the contrary, if for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds from the Project Fund to or at the direction of the Mortgage Lender, immediately following receipt of Eligible Funds from the Mortgage Lender, for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such funds back to the Mortgage Lender, and not deposit the same into the Collateral Fund.

For purposes of complying with the requirements of this section, the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon the Requisition signed by the authorized officer of the Borrower. The Trustee shall not be bound to make an investigation into the facts or matters stated in any Requisition of the Borrower. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers.

Notwithstanding anything to the contrary in the Indenture or the Loan Agreement, no portion of the Bonds, the Governmental Lender Note, the Funding Loan, or the Loan shall be used to finance any "qualified facility" (as such term is defined in Section 48E(b)(3) of the Code) or any "energy storage technology" (as such term is defined in Section 48E(c)(2) of the Code) with respect to the Project.

Investment of Bond Fund, Project Fund, and Collateral Fund

Money in all funds or accounts including the Bond Fund, Project Fund, and Collateral Fund shall be invested and reinvested by the Trustee, and at all times held in Eligible Investments at the written direction (including facsimile transmission) of the Borrower (such written direction to specify the particular investment in Eligible Investments to be made), which must be in accordance with the investment provisions in the Indenture and in the Tax Certificate. In the absence of written direction of the Borrower, any moneys held under the Indenture shall be invested in (i) First American Money Market Funds, or if such fund is unavailable, (ii) investments described in paragraph (b) of the definition of Eligible Investments.

At no time shall the Borrower direct that (a) any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code or (b) any funds be held other than in Eligible Investments. The Issuer covenants and agrees not to take, or cause to be taken, any action or fail to take any action reasonably within its control with respect to the investment of monies under the Indenture that is inconsistent with the provisions of the Indenture and that would result in the Bonds becoming arbitrage bonds within the meaning of Code Section 148(a). The Issuer further covenants and agrees to comply with and take all actions required of it by the Tax Certificate and to continue to do so as specified in the Tax Certificate notwithstanding any satisfaction or discharge of the Indenture.

It is acknowledged and agreed that the Issuer shall have no discretion regarding the investment or reinvestment of funds pursuant to the Indenture.

Investments of money in the Bond Fund, the Project Fund and the Collateral Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Interest Payment Date or at stated maturity or on a Mandatory Tender Date. In addition, investment of money in the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any investment in the Bond Fund, the Project Fund or the Collateral Fund that are not classified as Eligible Investments shall be invested in Governmental Obligations.

The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable under the Indenture to and at times required for the purposes of paying any amounts due on the Bonds, and

shall do so without necessity for any order on behalf of the Issuer or the Borrower and without restriction by reason of any order. An investment made from money credited to an applicable fund or account shall constitute part of that respective fund or account. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments upon receipt of a Cash Flow Projection.

Notwithstanding anything in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested as cash and (ii) Bond proceeds and the Initial Deposit to the Negative Arbitrage Account, if any, shall be held uninvested as cash until the Trustee has purchased, sold or exchanged Eligible Investments.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate or subsidiary of the Trustee; provided that all such investments must be Eligible Investments.

The Trustee shall not be liable for losses, fees, taxes or other charges in connection with any investments, reinvestments or liquidations made in compliance with the provisions of the Indenture.

If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par prior to the Initial Mandatory Tender Date, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

Although each of the Issuer and the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of the Issuer and the Borrower agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments.

Investment of Rebate Fund

Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction (including facsimile transmission) of the Borrower Representative, in Governmental Obligations or in any money market or short-term investment fund investing in or consisting solely of and secured by Governmental Obligations, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower, such written direction shall specify the particular investment in Governmental Obligations, money market or short term investments in or consisting solely of and secured by Governmental Obligations to be made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein.

Discharge of Lien

If and when the Bonds secured by the Indenture shall become due and payable in accordance with their terms as provided in the Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all other amounts payable under the Indenture by the Issuer and all fees, costs and expenses of the Trustee and its counsel and the Issuer (including, without limitation, all fees, costs and expenses owed in connection with the Reserved Rights), shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon written request of the Issuer (as directed by the Borrower) and subject to the provisions of the Indenture, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other

fund created under the Indenture and shall assign and transfer to the Borrower all other property then held by the Trustee under the Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys under the Indenture, as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund or the Expense Fund) payable or which may thereafter become payable under the Indenture by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this heading, the Trustee, on demand of the Issuer (which shall be requested by the Borrower) but subject to the provisions of the Indenture, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Bonds together with all other amounts payable or which may thereafter become payable under the Indenture by the Issuer.

All Outstanding Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Governmental Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date thereof, and (b) the Issuer (at the direction of the Borrower and subject to of the provisions of the Indenture) shall have given the Trustee, in form satisfactory to it irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by subclause (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this heading and stating such maturity upon which moneys are to be available for the payment of the principal of and interest on such Bonds. The Borrower shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Governmental Obligations deposited pursuant to this section or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Bonds.

Neither the securities nor moneys deposited with the Trustee pursuant to this heading nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on such Bonds; provided that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested, as directed by the Borrower, in Governmental Obligations (including any short-term investment fund rated "Aaa-mf" or "MIG 1" by the Rating Agency and secured by and investing solely in Governmental Obligations) maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer under this heading shall be without prejudice to the right of the Trustee provided in the Indenture to be paid compensation for all services rendered by it under the Indenture and all its fees, expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on behalf of the Trustee in connection with the trust created by the Indenture and the performance of its powers and duties under the Indenture, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Note.

Events of Default and Acceleration

If any of the following events occur, it is defined by the Indenture as and declared to be and constitute an “Event of Default:”

- (a) any interest on any Bond is not paid on the date on which the same becomes due; or
- (b) any principal of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by acceleration or otherwise; or
- (c) an Event of Default occurs under the Loan Agreement; or
- (d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) above) contained in the Bonds or in the Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer, the Borrower and the Investor Limited Partner by the Trustee, which notice may be given by the Trustee and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer, the Borrower or the Investor Limited Partner is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) above shall not have been received at the close of business on the last Business Day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use its best efforts to give telephonic notice of such default to the Borrower and the Investor Limited Partner, which telephonic notice shall be confirmed by written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower, the Investor Limited Partner and the Holders of the Bonds. A default or an Event of Default specified in (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights and the Trustee incurring no liability for failure or defect in giving such notice.

If an Event of Default specified in (a) or (b) above shall occur and be continuing for 30 days, the Trustee shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) above shall occur and be continuing, the Trustee, upon written request of the Holders of a majority in principal amount of the Bonds then Outstanding shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

The Investor Limited Partner shall be entitled, but is under no obligation, to cure any Event of Default under the Indenture within the time frame provided to the Borrower or such longer periods as specified in the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Remedies in Addition to Acceleration

Upon the occurrence of, and during the continuance of, any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in the Indenture):

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents, provided, however, that any claim against the Issuer shall be strictly limited to the Trust Estate;
- (b) bring suit upon the Bonds; or
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, the default or Event of Default has been cured, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Right of Bondholders To Direct Proceedings

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or any other remedy under the Indenture or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless also the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its or their name; and unless there also shall have been offered to the Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Holders of the Bonds secured by the Indenture shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or the rights of any other Holder, or to enforce any right under the Indenture or the Bonds, except in the manner provided in the Indenture and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in the Indenture shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest (solely from the Trust Estate), on each of the Bonds issued under the Indenture to the respective Holders of the Bonds at the time, place, from the source and in the manner in the Indenture and in such Bonds expressed.

Remedies Vested in Trustee

All rights of action under the Indenture or under any of the Bonds secured by the Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall

be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the fees, costs and expenses of the proceedings resulting in the collection of such moneys and of the accrued fees, expenses, disbursements and advances incurred or made by the Trustee, and then to the accrued Issuer Fees and Expenses or other amounts due and owing to the Issuer or the Issuer Indemnified Parties (including, without limitation, any amounts owed in connection with the Reserved Rights and indemnification due to the Issuer and the Issuer Indemnified Parties in accordance with the Loan Agreement), be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become, or shall have been declared due and payable, all such moneys shall be applied:

First — To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second — To the payment to the persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), and if the amount available shall not be sufficient to pay in full the amount of principal, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

Third — To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Borrower's Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege; and

Fourth — The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "Third" and "Fourth" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem

appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders

The Issuer and the Trustee may, from time to time and at any time, without the consent of Bondholders, enter into agreements supplemental to the Indenture and the Loan Agreement as follows:

- (i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;
- (ii) to cure any formal defect, omission or ambiguity in the Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;
- (iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (iv) to add to the covenants and agreements of the Issuer in the Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;
- (v) to add to the limitations and restrictions in the Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;
- (vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, the Indenture, of the Revenues or of any other moneys, securities or funds; or
- (vii) to modify, amend or supplement the Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

Before the Issuer shall enter into any agreement supplemental to the Indenture pursuant to this section, there shall have been filed with the Trustee an opinion of Bond Counsel stating that (1) such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Trustee shall send written notice to the Borrower, the Investor Limited Partner and the Rating Agency of any amendment to the Indenture or the Loan Agreement and, if requested, copies of any such amendments.

Amendments to Indenture Requiring Consent of Bondholders

Subject to the terms and provisions contained in this section and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to the Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity

with the claim, lien, assignment or pledge created by the Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in the Indenture, including (without limitation) that required for consent to such supplemental indentures. This section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to the Indenture without the consent of the Bondholders pursuant to the Indenture.

If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant to the Indenture. Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Designated Office for inspection by all Bondholders.

Within 120 days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required under the Indenture) and (ii) an Opinion of Counsel stating that (1) such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income taxes.

If the Holders of not less than the percentage of Bonds required by this section shall have consented to and approved the supplemental indenture as provided in the Indenture, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this section, the Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments.

The Trustee shall send written notice to the Rating Agency of any amendment to the Indenture. The Trustee shall incur no liability for failure to give any such notice.

Supplemental Indentures Part of Indenture

Any supplemental indenture entered into in accordance with the provisions of the Indenture shall thereafter form a part of the Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of the Indenture for any and all such purposes.

Amendments to Documents Requiring Consent of Bondholders

Except as provided in the Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of written notice and the written approval or consent of the Holders of the Bonds at the time Outstanding, given and procured as provided in the Indenture; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request in writing the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by the Indenture with respect to supplemental indentures.

Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Designated Office for inspection by all Bondholders.

Amendment, Restatement, and Supersession

On the Funding Date, and upon the execution and delivery of the Funding Loan Agreement, the Borrower Loan Agreement and the Governmental Lender Note, the Indenture, the Loan Agreement and the Bonds shall be deemed amended, restated and superseded in full by the terms thereof. Certain requirements of the Indenture shall not apply to such amendment and restatement.

Severability

In case any one or more of the provisions of the Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of the Indenture or the Bonds, and the Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated by the Indenture be effected and the obligations contemplated by the Indenture be enforced as if such illegal or invalid provisions had not been contained therein.

Mortgage Loan Documents Independent

Enforcement of the covenants in the Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Borrower, the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Mortgage Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Indenture or any of the Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

Notwithstanding anything in the Indenture, the Loan Agreement, the Note or the Bond Purchase Agreement to the contrary, (i) the Mortgaged Property (as defined in the Mortgage Loan Security Instrument) shall not include any portion of the Trust Estate and the Mortgage Lender shall not have any claim to or lien upon the Trust Estate under the Indenture and funds held by the Trustee under the Indenture and pledged to secure the repayment of the Bonds, except for Eligible Funds that may be returned to the party that deposited said funds with the Trustee as may be required under the Indenture and (ii) the Trust Estate shall not include any portion of the Mortgaged Property (as defined in the Mortgage Loan Security Instrument).

Recycling Transactions

Notwithstanding any provisions of the Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Note be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, a copy of which is on file with the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Loan Agreement.

Disbursements from the Project Fund

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Costs of the Project upon satisfaction of the requirements of the Indenture. The Trustee is directed in the Indenture to make disbursements from the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition, approved by the Mortgage Lender, in substantially the form attached to the Indenture as an appendix.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan and conditioned upon the deposit of Eligible Funds into the Collateral Fund as set forth in the Indenture.

Borrower Required to Pay in the Event Project Fund Is Insufficient

In the event the moneys in the Project Fund are not sufficient to pay the Costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower shall pay any portion of the Costs of the Project pursuant to the provisions of this section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under the Loan Agreement.

Loan of Proceeds

The Issuer agrees, upon the terms and conditions of the Loan Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in the Loan Agreement.

Mortgage Loan to Borrower; Eligible Funds

Contemporaneously with the issuance of the Bonds, it is expected that the Borrower shall proceed with obtaining the Mortgage Loan from the Mortgage Lender. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the Mortgage Lender, from time to time, to deliver Eligible Funds to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund, as approved by the Mortgage Lender in connection with a completed and fully executed Requisition, in substantially the form attached to the Indenture as an appendix.

Borrower's Obligations Upon Tender of Bonds

If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal

amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to the Indenture.

Defaults Defined

The following shall be “Defaults” under the Loan Agreement and the term “Default” shall mean, whenever it is used in the Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amount required to be paid under the Loan Agreement when due.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Loan Agreement other than as referred to in subsection (a) above or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Certificate, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60-day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for 90 days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of an Event of Default under the Indenture (other than under clause (d) under the heading “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Events of Default and Acceleration”).

(e) Any Guarantor for any reason contests, repudiates or purports to revoke the Guarantor Indemnification, or the Guarantor Indemnification at any time and for any reason ceases to be in full force and effect.

The provisions of subsection (b) above are subject to the following limitation: if by reason of force majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained in the Loan Agreement (other than its obligations relating to the Loan as set forth in the Loan Agreement), the Borrower shall not be deemed in Default during the continuance of such inability. Such force majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The term “force majeure” as used in the Loan Agreement shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; terrorism; landslides; earthquakes; fires; storms; droughts; floods; explosions; and events not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

Remedies on Default

Whenever any Default referred to under the section “Defaults Defined” above shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, or the Issuer (in the event the Trustee fails to act), may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Note, the Tax Regulatory Agreement or any other Document in the event of default thereunder.

Any amounts collected pursuant to action taken under this section (other than sums collected for the Issuer on account of the Reserved Rights, which sums shall be paid directly to the Expense Fund (for further remittance to the Issuer), to the Issuer, or the applicable Issuer Indemnified Party, as applicable) shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Whenever any Default has occurred and is continuing, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under Article VII of the Loan Agreement, upon notice as required to the Issuer. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. If the Trustee is not enforcing the Issuer’s rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Reserved Rights and to collect all sums then due and thereafter to become due to the Issuer under the Loan Agreement.

No Remedy Exclusive

Except as otherwise indicated in the Indenture, no remedy conferred upon or reserved to the Issuer or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement, the Tax Regulatory Agreement or the Note, or now or thereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be required in the Loan Agreement. Such rights and remedies as are given the Issuer under the Loan Agreement shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights, shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

Mortgage Loan Documents Independent

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Loan Agreement, the Indenture or the other Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

To the extent not otherwise set forth above, the provisions of the Indenture described under the heading “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Mortgage Loan Documents Independent” are incorporated in the Loan Agreement by reference to the same extent as if set forth in the Loan Agreement in full.

Notice to CDLAC and Issuer of Prepayment

The Borrower agrees to provide at least 30 days prior written notice to the California Debt Limit Allocation Committee and the Issuer of any prepayment of the Loan, which may be given to such parties at their respective notice addresses set forth in the Tax Regulatory Agreement and the Indenture, or by mutually acceptable electronic means, for the purpose of facilitating recycling of volume cap as described in the Indenture. Any defect in such notice shall not constitute a default under the Loan Agreement, under the other Borrower Loan Documents or the Tax Regulatory Agreement.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT

The following is a brief summary of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Tax Regulatory Agreement"). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Tax Regulatory Agreement, a copy of which is on file with the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Tax Regulatory Agreement.

Definitions and Interpretation

"Adjusted Income" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Affiliate" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" means the San Diego County, California, Primary Metropolitan Statistical Area.

"Authority Fee" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of 0.25% of the initial principal amount of the Bonds (i.e., \$ _____) and payable every 12 months, commencing May 1, 2027, in an amount equal to (A) prior to the Conversion Date, 0.125% of the original principal amount of the Bonds, and (B) following the Conversion Date, 0.125% of the principal amount of the Bonds outstanding on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00 or more than \$62,500.00, and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the "Commission"), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

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

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

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

"CDLAC Resolution" means Resolution No. 25-214 adopted by CDLAC on August 5, 2025, and revised on September 5, 2025, awarding an allocation of \$18,200,000* to the Project, as such resolution may be further modified or amended from time to time.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached as an appendix to the Tax Regulatory Agreement.

* Preliminary; subject to change.

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

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

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

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

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

“Inducement Date” means June 21, 2024, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed \$40,000,000 in connection with the Project.

“Investor Limited Partner” means RSEP Holding, LLC, a Delaware limited liability company, or its successors and assigns.

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

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

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

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

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

“Median Income for the Area” means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Closing Date.

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

“Project Costs” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Project Facilities” mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements, but excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein.

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

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds and the Governmental Lender Note, that such interest is excluded from gross income for federal

income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

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

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

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

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

Residential Rental Property

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

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

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

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing

home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of the Tax Regulatory Agreement.

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

(e) All of the dwelling units (except for the manager's units described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 of the United States Housing Act of 1937 certificates or vouchers, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

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

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

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

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

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

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for “good cause.” For these purposes, “good cause” means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower’s compliance with the provisions of subparagraph (j) above.

Low Income and Very Low Income Units

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

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

<u>Unit Size</u>	<u>Household Size</u>
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

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

(b) Immediately prior to a Low Income Tenant’s occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same

may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or thereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements under clause (a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of the Tax Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

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

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

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 of the United States Housing Act of 1937 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 of the United States Housing Act of 1937 certificate or voucher holder in excess of those allowed under the Section 8 of the United States Housing Act of 1937 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant under clause (c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in clause (a) under “Low Income and Very Low Income Units,” above, the Authority shall require that not less than 10% of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this paragraph with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided clause (a) under “Low Income and Very Low Income Units,” above.

Term

Except as provided under clause (j) of “Residential Rental Property,” above and the Tax Regulatory Agreement, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this section, the Tax Regulatory Agreement and all and several of the terms of the Tax Regulatory Agreement shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided under clause (j)(iii) of “Residential Rental Property,” above and the Tax Regulatory Agreement, and in the CDLAC Resolution referred to in the Tax Regulatory Agreement, it being expressly agreed and understood that the provisions of the Tax Regulatory Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of the Tax Regulatory Agreement to the contrary, the entire Tax Regulatory Agreement, or any of the provisions or the Tax Regulatory Agreement, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

The terms of the Tax Regulatory Agreement to the contrary notwithstanding (except as to the provisions of the Tax Regulatory Agreement), the Tax Regulatory Agreement, and each and all of the terms of the Tax Regulatory Agreement, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of the Tax Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of the Tax Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture [or the Mortgage Loan Security Instrument]) or condemnation or a similar event, but in either case only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in the Tax Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Tax Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties to the Tax Regulatory Agreement mutually intend the previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of the Tax Regulatory Agreement, the parties to the Tax Regulatory Agreement agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Tax Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be

necessary or a prerequisite to the termination of the Tax Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of the Tax Regulatory Agreement shall be paid by the Borrower.

Covenants to Run with the Land

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

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$18,200,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

This Continuing Disclosure Agreement, dated as of May 1, 2026 (this “Continuing Disclosure Agreement”), is executed and delivered by Hillcrest Hall LP, a California limited partnership (the “Borrower”), and U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”), for the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of May 1, 2026 (the “Indenture”) between the Housing Authority of the City of San Diego (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”). Pursuant to the Indenture and the Loan Agreement, dated as of May 1, 2026, between the Issuer and the Borrower (the “Loan Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower, and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean U.S. Bank Trust Company, National Association, a national banking association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the

* Preliminary; subject to change.

MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB's Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower's fiscal year, commencing with the fiscal year ending on December 31, 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower's Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower's Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format ("PDF") or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a "Listed Event"):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and
- (xvii) The Project's being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project's being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice by facsimile transmission confirmed by telephone or by email. While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsection (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under "Provision of Annual Reports," "Contents of Annual Reports" or paragraph (a) under "Reporting of Listed Events," it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report

for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Reserved.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Hillcrest Hall LP
122 East 42nd Street, Suite 1903
New York, NY 10168
Attention: Paul A. Salib
Email: psalib@crpaffordable.com

If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Email: andrew.fung@usbank.com

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or exchange (including, without limitation, exchange for the Governmental Lender Note), or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

[Counterpart Signature Page to Continuing Disclosure Agreement]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$18,200,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Hillcrest Hall
Address:	1601 University Avenue, San Diego, CA 92103
Number of Units:	98

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	%
Economic Occupancy ¹	%

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

* Preliminary; subject to change.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__ ; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Housing Authority of the City of San Diego
Name of Bond Issue: Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)
Name of Borrower: Hillcrest Hall LP
CUSIP: _____
Date of Issuance: May __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: Housing Authority of the City of San Diego
Name of Bond Issue: Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)
Name of Borrower: Hillcrest Hall LP
Name of Project: Hillcrest Hall
Address of Project: 1601 University Avenue, San Diego, CA 92103
Date of Issuance: May __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of May 1, 2026, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, a national banking association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the “Project”) is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$18,200,000*

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”) that the multifamily rental housing facility to be known as Hillcrest Hall (the “Project”) has been placed in service in accordance with the Trust Indenture, dated as of May 1, 2026, between the Housing Authority of the City of San Diego (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”), pursuant to which the above-captioned bonds were issued.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

* Preliminary; subject to change.

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

APPENDIX F

FORM OF BOND COUNSEL OPINION

Upon the issuance of the Bonds, Jones Hall, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:

May ___, 2026

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92121

OPINION: \$18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

Ladies and Gentlemen:

Capitalized terms used but not defined herein shall have the meanings given to them in the Trust Indenture, dated as of May 1, 2026 (the “Indenture”), by and between the Housing Authority of the City of San Diego, as issuer (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee. The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Hillcrest Hall LP (the “Borrower”) pursuant to a loan agreement, dated as of May 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower.

We have acted as bond counsel in connection with the issuance by the Issuer of the Bonds pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California (the “Act”), the Indenture, and a resolution of the issuer adopted on May 12, 2026. The Issuer is issuing the Bonds for the purpose of making the Loan to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing known as “Hillcrest Hall,” consisting of a 98-unit multifamily rental housing facility located at 1601 University Avenue in the City of San Diego, California (collectively, the “Project”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations and covenants of the Issuer contained in the Indenture; of the Borrower contained in the Loan Agreement; of the Issuer and Borrower contained in the Tax Regulatory Agreement; and of the Issuer, the Borrower and others contained in the certified proceedings relating to the origination of the Loan and the issuance of the Bonds. We have also relied upon certain other certifications of public officials and the Borrower, in each case furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by it for the security of the Bonds subject to no prior lien granted under the Act.
2. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Tax Code”). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the previous paragraph are subject to the condition that the Issuer, the Borrower and any future owner or user of the Project comply with all requirements of the Tax Code that must be satisfied subsequent

to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, Loan Agreement, and the Regulatory Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,