

## BOOK-ENTRY ONLY

See “RATINGS” herein

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”*

**\$26,510,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison’s Sierra II) Series 2025A**

**Dated Date: October \_\_, 2025; Initial Offering Price: 100%****Interest Rate: \_\_\_\_%****CUSIP: \_\_\_\_\_****Bond Maturity Date: November 1, 2043\*****Rating: Moody’s “Aa1”****\$5,090,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison’s Sierra II) Series 2025B**

**Dated Date: October \_\_, 2025; Initial Offering Price: 100%****Initial Interest Rate: \_\_\_\_%; CUSIP: \_\_\_\_\_****Initial Mandatory Tender Date: May 1, 2028\*****Bond Maturity Date: May 1, 2029\*****Rating: Moody’s “Aa1/VMIG 1”**

The California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025A (the “Series A Bonds”) and the California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025B (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”) are being issued pursuant to a Trust Indenture dated as of October 1, 2025 (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 are being delivered in fully registered form only and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). Ownership interests with respect to the Bonds may be purchased only in book-entry form in denominations of \$5,000, or any integral multiple of \$5,000 in excess thereof. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Bondholders shall mean Cede & Co. and shall not mean the ultimate purchasers of the Bonds. See “THE BONDS – Book-Entry Only System.”

The Loan (as defined herein) of the Bond proceeds will be made pursuant to a Financing Agreement dated as of October 1, 2025 (the “Financing Agreement”), among the Issuer, the Trustee and Maison’s Sierra Phase 2, LP, a California limited partnership (the “Borrower”), and upon the satisfaction of various conditions contained therein and in the Indenture.

Pursuant to the Indenture and the Financing Agreement, the Borrower will cause, over time, Available Moneys, including proceeds of the Construction Loan (as defined below) to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, in order to make the Bond proceeds available to the Borrower to pay costs of the Project. It is anticipated that, prior to the delivery of the Credit Facility (as defined below), the Series A Bonds will be secured by, and the principal of and interest thereon will be paid from, amounts on deposit in the Series A Interest Account, the Series A Principal Account, the Series A Project Account and the Series A Collateral Fund Account along with the investment earnings thereon. At all times, the Series B Bonds will be secured by Permitted Investments or other Available Moneys in the Series B Interest Account, the Series B Principal Account, the Series B Project Account and the Series B Collateral Fund Account along with the investment earnings thereon sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest and principal on the Series B Bonds when due, as further described herein.

The Borrower has obtained a construction loan (the “Construction Loan”) from the Construction Lender (as defined herein). From time to time, the Construction Lender will advance to the Trustee proceeds of the Construction Loan for deposit into the Collateral Fund in order to enable the Trustee to release Bond Proceeds to pay costs of the Project. Prior to the BCE Delivery Date, a portion of the Construction Loan is expected to be repaid with the proceeds of the Tax Credit Equity (as defined herein). On the BCE Delivery Date (as defined herein), the balance of the Construction Loan is expected to be repaid with the proceeds of the Series A Bonds and Tax Credit Equity (as defined herein), and Fannie Mae (the “Credit Provider”) anticipates that it will deliver or cause to be delivered to the Trustee a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “Credit Facility”), guaranteed as to timely payment of principal and interest of the Series A Bonds by the Credit Provider. Following the BCE Delivery Date, the Credit Provider’s obligations to make advances to the Trustee upon the proper presentation of documents which conform strictly to the terms and conditions of the Credit Facility are absolute, unconditional and irrevocable. A form of the Credit Facility is attached as APPENDIX G hereto. If issued and delivered to the Trustee, the Credit Facility, which will expire on November 6, 2043\*, unless earlier terminated, will entitle the Trustee to draw up to (a) the principal amount of the Bonds when due, or due as a result of acceleration, redemption or stated maturity, plus (b) interest on the Series A Bonds when due, all as described herein. The final advance by the Credit Provider under the Credit Facility is expected to be made on November 1, 2043\*, in an amount sufficient to pay all outstanding principal and accrued but unpaid interest on the Bonds on November 1, 2043\*.

The Series B Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Bondholders of the Series B Bonds must tender their Series B Bonds for purchase on the Initial Mandatory Tender Date. The Series B Bonds may be remarketed and a new interest rate for the Series B Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series B Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series B Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series B 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 shall bear interest at the rates set forth above and as described herein. Interest on the Series A Bonds will be payable each May 1 and November 1, commencing May 1, 2026\* (each a “Series A Bond Payment Date”). Interest on the Series B Bonds will be payable each May 1 and November 1, commencing May 1, 2026\* (each a “Series B Bond Payment Date”). So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal of, premium, if any, and interest on, the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. Disbursements of such payments to DTC’s Participants are the responsibility of DTC. The aggregate principal amount, aggregate face amount (if different), maturity date, interest rate and delivery date for the Bonds shall be as set forth above herein and in the Indenture.

FANNIE MAE HAS NO OBLIGATION WITH RESPECT TO THE SERIES B BONDS. FANNIE MAE’S OBLIGATIONS WITH RESPECT TO THE SERIES A BONDS ARE SOLELY AS PROVIDED IN THE CREDIT FACILITY, IF ISSUED AND DELIVERED TO THE TRUSTEE. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE SERIES A BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE SERIES A BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

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

\* Preliminary; subject to change

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

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

The Bonds are offered when, as and if received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Credit Provider by its legal department, for the Borrower by its counsel, Cox, Castle & Nicholson LLP, San Francisco, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. 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 October \_\_, 2025.

STIFEL

Date: \_\_\_\_\_, 2025

## USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS

INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

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

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

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

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

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

## TABLE OF CONTENTS

	Page
<b>INTRODUCTION.....</b>	<b>1</b>
<b>THE ISSUER.....</b>	<b>5</b>
<b>THE BONDS .....</b>	<b>6</b>
<b>SECURITY AND SOURCES OF PAYMENT FOR THE BONDS .....</b>	<b>16</b>
<b>THE CREDIT PROVIDER .....</b>	<b>19</b>
<b>PRIVATE PARTICIPANTS.....</b>	<b>20</b>
<b>THE PROJECT .....</b>	<b>21</b>
<b>PLAN OF FINANCING .....</b>	<b>22</b>
<b>THE LOAN SERVICER.....</b>	<b>24</b>
<b>CERTAIN BONDHOLDERS' RISKS.....</b>	<b>24</b>
<b>TAX MATTERS .....</b>	<b>29</b>
<b>CONTINUING DISCLOSURE .....</b>	<b>31</b>
<b>UNDERWRITING.....</b>	<b>32</b>
<b>RATINGS .....</b>	<b>33</b>
<b>CERTAIN LEGAL MATTERS .....</b>	<b>33</b>
<b>ABSENCE OF LITIGATION.....</b>	<b>33</b>
<b>ENFORCEABILITY OF REMEDIES .....</b>	<b>34</b>
<b>RELATIONSHIP AMONG PARTIES.....</b>	<b>34</b>
<b>MISCELLANEOUS .....</b>	<b>34</b>
 APPENDIX A DEFINITIONS OF CERTAIN TERMS	
APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	
APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT	
APPENDIX D SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT	
APPENDIX E SUMMARY OF CERTAIN PROVISIONS OF THE ASSIGNMENT AND INTERCREDITOR AGREEMENT	
APPENDIX F SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT	
APPENDIX G FORM OF FANNIE MAE DIRECT PAY IRREVOCABLE TRANSFERABLE CREDIT ENHANCEMENT INSTRUMENT	
APPENDIX H FORM OF OPINION OF BOND COUNSEL	
APPENDIX I FORM OF CONTINUING DISCLOSURE AGREEMENT	

## OFFICIAL STATEMENT

**\$26,510,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025A**

**\$5,090,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025B**

## INTRODUCTION

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

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

### General

The purpose of this Official Statement is to provide information in connection with the issuance by the California Municipal Finance Authority (the "Issuer"), a joint exercise of powers authority duly organized and validly existing under the laws of the State of California (the "State") of the above-captioned bonds (the "Series A Bonds" and the "Series B Bonds," and collectively, the "Bonds"). The Bonds are being issued pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code, together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code as now in effect and as it may from time to time be amended and supplemented (collectively, the "Act"), under a Trust Indenture dated as of October 1, 2025 (the "Indenture") by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and a resolution of the Issuer adopted on June 6, 2025, authorizing and approving the issuance and sale of the Bonds and execution and delivery of all related documents required to be executed and delivered by the Issuer (the "Bond Resolution"). The Issuer is using the proceeds of the Bonds to make a mortgage loan (the "Loan") to Maison's Sierra Phase 2, LP, a California limited partnership (the "Borrower"), to provide for the financing to acquire, construct and equip a multifamily rental housing development comprised of 171 residential rental units (including two manager's units) located in Lancaster, California, known as Maison's Sierra II. See "PRIVATE PARTICIPANTS" and "THE PROJECT" herein.

The Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") have entered into a Bond Purchase Agreement (the "Bond Purchase Agreement"), pursuant to which the Issuer has agreed to sell the Bonds to the Underwriter. The transaction entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal

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\* Preliminary; subject to change

amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

The Loan will be made pursuant to a Financing Agreement to be dated as of October 1, 2025 (the “Financing Agreement”), among the Issuer, the Trustee and the Borrower, and upon the satisfaction of various conditions contained therein and in the Indenture. The Loan will be evidenced by two separate promissory notes (the “Series A Note” and the “Series B Note,” and collectively, the “Note”) executed by the Borrower.

The Borrower has obtained a construction loan in the amount of up to \$42,000,000\* (the “Construction Loan”) from Merchants Bank of Indiana, an Indiana chartered bank (the “Construction Lender”). From time to time, the Borrower will cause Available Moneys, including proceeds of the Construction Loan, to be delivered to the Trustee for deposit into the Collateral Fund in order to enable the Trustee to release Bond Proceeds to pay costs of the Project. Prior to the BCE Delivery Date (as defined herein), a portion of the BCE Delivery Loan is expected to be repaid with a portion of the proceeds of the Tax Credit Equity. On the BCE Delivery Date, the balance of the Construction Loan is expected to be repaid with the proceeds of the Series A Bonds and Tax Credit Equity. The closing of the Construction Loan is subject to the satisfaction of certain requirements and preconditions and does not extend to the benefit of any other third party, including the beneficial owners of the Series A Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

Prior to the date of delivery by Fannie Mae of the Credit Facility (the “BCE Delivery Date”), the Series A Bonds will be secured by (i) the proceeds of the Series A Bonds delivered to the Trustee and deposited into the Series A Project Account of the Bond Proceeds Fund established under the Indenture, (ii) Available Moneys, delivered to the Trustee and deposited into the Series A Interest Account of the Revenue Fund and the Series A Principal Account of the Revenue Fund established under the Indenture, in an amount equal to the interest on the Series A Bonds from the Closing Date to, but not including, the date that is five (5) calendar days after the BCE Delivery Date Deadline, and (iii) Available Moneys from time to time to be delivered to the Trustee at the direction of the Borrower and deposited into the Series A Collateral Fund Account established under the Indenture. Prior to BCE Delivery Date, the principal of, premium, if any, and interest on the Series A Bonds will be paid from amounts on deposit in the Series A Interest Account and Series A Principal Account of the Revenue Fund Account, the Series A Collateral Fund Account and the Series A Project Account of the Bond Proceeds Fund along with the investment earnings thereon. Interest on the Series A Bonds will be payable each May 1 and November 1, commencing May 1, 2026\* (each a “Series A Bond Payment Date”).

From and after the BCE Delivery Date and repayment of the Construction Loan, the Series A Bonds will be secured by, a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Security Instrument”) from the Borrower to the Issuer and Fannie Mae, as their interests may appear. The Security Instrument will be assigned by the Issuer to the Trustee and Fannie Mae, as their interests may appear, and will continue to be part of the Trust Estate securing the Series A Bonds. Fannie Mae will provide credit enhancement for the Series A Bonds, pursuant to, and subject to the limitations of, a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “Credit Facility”), provided by the Credit Provider to the Trustee. The proposed form of the Credit Facility is attached hereto in “APPENDIX G – FORM OF FANNIE MAE DIRECT PAY IRREVOCABLE TRANSFERABLE CREDIT ENHANCEMENT INSTRUMENT.” See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Credit Facility”; and “THE CREDIT PROVIDER” herein.

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\* Preliminary; subject to change

On and after the BCE Delivery Date, the Borrower anticipates that the Project will be able to support permanent debt equal to the principal amount of Series A Bonds if certain conditions of the Credit Provider and Loan Servicer are satisfied. The Fannie Mae Forward Commitment (as defined below) permits the actual Credit Facility to be issued in an amount up to the \$26,510,000\* Series A Bonds outstanding if certain conditions in the Fannie Mae Forward Commitment are satisfied on or before the BCE Delivery Date; however, there is no assurance that the underwriting will support the Credit Provider commitment amount.

If such conditions are not met, a mandatory redemption will occur pursuant to the heading “Mandatory Redemption — Series A Bonds — Mandatory Redemption on the BCE Delivery Date” below. The obligation of the Borrower to reimburse the Credit Provider for any funds provided by the Credit Provider under the Credit Facility will be set forth in a Reimbursement Agreement, dated as of the date of the Indenture (the “Reimbursement Agreement”), between the Borrower and the Credit Provider. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” attached hereto.

Pursuant to an Assignment and Intercreditor Agreement, to be dated as of the BCE Delivery Date (the “Assignment”), among the Issuer, the Credit Provider and the Trustee and acknowledged and agreed to by the Borrower (see “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE ASSIGNMENT AND INTERCREDITOR AGREEMENT”) the right, power and authority to make all decisions in connection with the Series A Bonds following the BCE Delivery Date and under the Loan Documents will be vested exclusively in the Credit Provider. If either (i) Fannie Mae has no further obligation under the Credit Facility and all obligations of the Borrower to Fannie Mae under the Credit Facility Documents and the other Borrower Documents have been satisfied in full; or (ii) a Wrongful Dishonor occurs and continues for more than five Business Days after the Issuer or the Trustee gives written notice of such Wrongful Dishonor specifying such failure and requesting that it be remedied, the Assigned Rights shall transfer automatically to the Trustee, without any further action on the part of the Trustee or Fannie Mae.

Following the BCE Delivery Date, upon presentation by the Trustee of documents required by the Credit Facility and subject to the terms and conditions thereof, Fannie Mae will advance funds under the Credit Facility to the Trustee with respect to the payment of: (i) the principal amount of the Series A Bonds (other than Series A Bonds that are Excluded Bonds) when due, or due as a result of acceleration, redemption, stated maturity (other than an acceleration of the Series A Bonds to which Fannie Mae has not consented) and (ii) interest on the Series A Bonds (other than Series A Bonds that are Excluded Bonds). The Credit Provider will have no obligation under the Credit Facility to pay premium, if any, on the Series A Bonds. The Credit Provider’s obligation to make payments under the Credit Facility will be absolute, unconditional and irrevocable. Such obligation will be a general, unsecured obligation of the Credit Provider. If the Credit Provider fails to perform such obligation, the Trustee will receive only payments and other recoveries on the Loan itself, and a delinquency or default on the Loan at that time would seriously and adversely affect monthly payments to the Trustee. The Credit Facility will expire on November 6, 2043\*, unless terminated earlier. The final advance by the Credit Provider under the Credit Facility is expected to be made on November 1, 2043\*, in an amount sufficient to pay all outstanding principal and accrued but unpaid interest on the Series A Bonds on November 1, 2043\*.

On the BCE Delivery Date, the Issuer will, pursuant to the Assignment, assign the Loan to the Trustee and Fannie Mae, as their interests may appear, without recourse. Upon such assignment, the Loan will be part of the Trust Estate. Pursuant to the Assignment, Fannie Mae will have the exclusive right to exercise all rights and remedies (other than Reserved Rights) under the Note, the Security Instrument, the

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\* Preliminary; subject to change.



Financing Agreement and all of the other Loan Documents (the “Assigned Documents”). Fannie Mae will also have the right at any time, upon filing with the Trustee a certification reaffirming Fannie Mae’s obligations under the Credit Facility, to direct the Trustee to assign all of its right, title and interest in and to the Assigned Documents to Fannie Mae. The Issuer will retain the right to exercise the rights and remedies with respect to the Reserved Rights.

At all times, the Series B Bonds will be secured by Permitted Investments or other Available Moneys in the Series B Interest Account of the Revenue Fund, the Series B Project Account of the Bond Proceeds Fund and the Series B Collateral Fund Account along with the investment earnings thereon sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest and principal on the Series B Bonds when due at the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Series B Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date (as defined below). All holders of the Series B Bonds must tender their Series B Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Series B Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series B Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series B Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series B 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 Series B Bonds are also subject to redemption prior to maturity as set forth herein. See “DESCRIPTION OF THE BONDS —Redemption of Bonds.”

The Series B Bonds shall bear interest on the outstanding principal amount thereof at the Initial Series B Bond Rate from their date of issuance to but not including, May 1, 2028\* (the “Initial Mandatory Tender Date”), payable on each May 1 and November 1, beginning May 1, 2026\* (each a “Series B Bond Payment Date”) and on each Mandatory Tender Date and each Mandatory Redemption Date.

In order to assure compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and the applicable laws of the State, there has been executed and delivered a Regulatory Agreement and Declaration of Restrictive Covenants, dated the Closing Date (the “Regulatory Agreement”), by and among the Issuer, the Trustee and the Borrower. The Regulatory Agreement requires that the residential rental units in the Project be occupied or held for occupancy by tenants with incomes below the levels described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” hereto at restricted rents. The Project will be further restricted as described under the heading “PRIVATE PARTICIPANTS” herein.

Following the BCE Delivery Date, Merchants Capital Corp. (the “Loan Servicer”) will act as servicer for the Loan and payments on the Loan will be made by the Borrower to the Loan Servicer for the benefit of the Trustee. See “THE LOAN SERVICER” herein.

**FANNIE MAE’S OBLIGATIONS WITH RESPECT TO THE SERIES A BONDS ARE SOLELY AS PROVIDED IN THE CREDIT FACILITY, IF ISSUED AND DELIVERED TO THE TRUSTEE. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA.**

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\* Preliminary; subject to change

**THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FANNIE MAE.**

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

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

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

### **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, Fannie Mae nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

Under Title 1, Division 7, Chapter 5 of the California Government Code (the "JPA Act"), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the "JPA Agreement") forming the Issuer for the purpose of exercising powers common to the members and exercising the additional powers granted to the Issuer by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Issuer may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act or any other applicable law.

The issuer may sell and deliver obligations other than the Bonds. Such obligations will be secured by instruments separate and apart from the Indenture and the Financing Agreement, and the holders of such other obligations of the Issuer will have no claim on the security for the Bonds. Likewise, the Bondholders will have no claim on the security for such other obligations that may be issued by the Issuer.

Neither the Issuer nor its independent contractors have furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and the section entitled "ABSENCE OF LITIGATION — The Issuer." The Issuer does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure

with respect to the Bonds or the Borrower has been undertaken solely by the Borrower. See “CONTINUING DISCLOSURE” herein. In connection with the issuance of the Bonds, some or all of the fees or other compensation payable to the Issuer, the Issuer’s financial advisor, Sierra Management Group, LLC, and certain other professionals involved with the offering of the Bonds, is contingent upon the issuance and delivery of the Bonds.

## **THE BONDS**

### **General**

The Bonds are issued in fully registered form and are registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). DTC acts as securities depository for the Bonds. Individual purchases are made in book-entry form. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by the Trustee by wire transfer of New York clearing house or equivalent next-day funds, to Cede & Co., as nominee for DTC. DTC will, in turn, remit such amounts to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (“DTC Participants”) for subsequent disbursement to the beneficial owners. See “THE BONDS — Book-Entry Only System” herein.

The Bonds are initially in the minimum denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof. The Bonds will mature on the dates set forth on the front cover page of this Official Statement.

Interest on the Series A Bonds will be payable on each May 1 and November 1, commencing May 1, 2026\* (in each case, a “Series A Bond Payment Date”). Interest on the Series B Bonds will be payable on each May 1 and November 1, commencing May 1, 2026\* (in each case, a “Series B Bond Payment Date”). Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall bear interest from the applicable Payment Date next preceding the date of authentication of the Bonds. If the date of authentication is a Payment Date for which interest has been paid or is after the Record Date, but prior to the next Payment Date, the Bonds shall bear interest from such Payment Date. If the date of authentication is prior to the Record Date for the first Payment Date, the Bonds shall bear interest from the Delivery Date of the Bonds. Notwithstanding the foregoing, if at the time of authentication of any Bond, interest on the Bond is in default, the Bond shall bear interest from the applicable Payment Date to which interest has previously been paid or made available for payment, or if no interest has been paid on the Bond, from the Delivery Date of the Bond.

The principal of and the interest and any premium on the Bonds are payable in lawful money of the United States of America to the Registered Owners at the close of business on the applicable Record Date. Payment of interest on the Bonds shall be made on each Payment Date by check drawn upon the Trustee and mailed by first class mail, postage prepaid, to the addresses of the Registered Owners as they appear on the Bond Register or to such other address as may be furnished in writing by any Registered Owner to the Trustee prior to the applicable Record Date. Payment of the principal of any Bond and premium, if any,

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\* Preliminary; subject to change

together with interest (other than interest payable on a regularly scheduled Payment Date) shall be made by check only upon presentation and surrender of the Bond on or after its Maturity Date or date fixed for purchase, redemption or other payment at the office of the Trustee designated for that purpose. Notwithstanding the foregoing, payment of principal of and interest and any premium on any Bond shall be made by wire transfer to any account within the United States of America designated by a Registered Owner owning \$1,000,000 or more in aggregate principal amount of Bonds if a written request for wire transfer in form and substance satisfactory to the Trustee is delivered to the Trustee by any such Registered Owner not less than five Business Days prior to the applicable payment date. A request for wire transfer that specifies that it is effective with respect to all succeeding payments of principal, interest and any premium will be so effective unless and until rescinded in writing by the Registered Owner at least five Business Days prior to a Record Date. If interest on the Bonds is in default, the Trustee, prior to the payment of interest, shall establish a special record date (“Special Record Date”) for such payment. A Special Record Date may not be more than 15 nor less than ten days prior to the date of the proposed payment. Payment of defaulted interest shall then be made by check or wire transfer, as permitted above, mailed or remitted to the Registered Owners in whose names the Bonds are registered on the Special Record Date.

### **Action Required to be taken on a Non-Business Day**

If the date for making any payment or any date on which action is required to be taken is not a Business Day, then any action required to be taken or any payment required to be made may be taken or made on the following Business Day with the same force and effect as if made or taken on the date otherwise provided for in the Indenture and, in the case of any payment date, no interest will accrue for the period from and after such date.

### **Book-Entry-Only System**

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 each series of Bonds, each in the aggregate principal amount of such series, and will be deposited with 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”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 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 Bonds, except in the event that use of the Book-Entry System for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. 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 the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions, and dividend payments and premium, if any, 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 payable date 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 Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and premium, if any, 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.

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

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

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

### **Redemption Provisions**

The Bonds are subject to redemption prior to maturity only as set forth below. All redemptions must be in Authorized Denominations. The Loan Servicer shall furnish the Trustee with a revised amortization schedule in connection with any redemption in part.

***Series A Bonds — Optional Redemption.*** On and after November 1, 2035\*, the Series A Bonds are subject to optional redemption in whole or in part by the Issuer, at the direction of the Borrower, at the redemption price equal to par, plus accrued interest, if any, to the Redemption Date. The Trustee shall give notice of optional redemption pursuant to "Notice of Redemption to Registered Owners" below.

***Series B Bonds — Optional Redemption.*** The Series B Bonds are subject to optional redemption, in whole but not in part, by the Issuer at the written direction of the Borrower on any date on or after the date the Project is complete and placed in service by the Borrower for purposes of Section 42 of the Code but not prior to the Initial Mandatory Tender Date (the "Optional Redemption Date") at a redemption price equal to 100% of the principal amount of the Series B Bonds plus accrued interest, but without premium, to the Optional Redemption Date. After the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Series B Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower (with delivery of a Cash Flow Projection and written notice to the Trustee at least 30 days prior to the proposed redemption date) on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Series B Bonds to be redeemed plus accrued interest to the applicable redemption date. The foregoing notwithstanding, if the Series B Bonds are outstanding on the BCE Delivery Date, the Series B Bonds must be redeemed on the first possible redemption date and a new remarketing period may not be commenced.

***Mandatory Redemption.*** The Bonds are subject to mandatory redemption as provided in this section on the earliest practicable Redemption Date for which timely notice of redemption can be given pursuant under the heading, "Notice of Redemption to Registered Owners" below, following the occurrence of the event requiring such redemption. On or prior to the BCE Delivery Date, the principal of and accrued interest on any Series A Bonds being redeemed under this section shall be paid from (i) amounts on deposit in the Series A Collateral Fund Account, (ii) the Series A Interest Account of the Revenue Fund, (iii) the Series A Project Account of the Revenue Fund and (iv) any other Available Moneys available or made available for such purpose at the written direction of the Borrower. Following the BCE Delivery Date, the principal of and accrued interest on any Series A Bonds being redeemed under this section shall be paid

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\* Preliminary; subject to change

from an Advance under the Credit Facility. The principal and accrued interest on any Series B Bonds redeemed under this section shall be paid from (i) amounts on deposit in the Series B Collateral Fund Account, (ii) amounts on deposit in the Series B Interest Account of the Revenue Fund, (iii) amounts on deposit in the Series B Project Account, and (iv) any other Available Moneys available or made available for such purpose at the written direction of the Borrower.

Bonds will be redeemed at a redemption price equal to 100% (except if a redemption is made pursuant to the heading, “Series A Bonds — Mandatory Redemption on the BCE Delivery Date” below) of the principal amount of such Bonds plus accrued interest to the Redemption Date. Bonds subject to mandatory redemption in part shall be redeemed in Authorized Denominations or shall be redeemed in such amounts so that the Bonds Outstanding following the redemption are in Authorized Denominations. Following the BCE Delivery Date, if the Trustee receives an amount for the mandatory redemption of Series A Bonds which is not equal to a whole integral multiple of the Authorized Denomination, the Trustee shall redeem Series A Bonds in an amount equal to the next lower whole integral multiple of the Authorized Denomination to the amount received by the Trustee and hold any excess amount in the Series A Redemption Account:

(a) *Casualty or Condemnation.* Solely following the BCE Delivery Date and the repayment of the Construction Loan, the Series A Bonds will be subject to redemption in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Loan.

(b) *After an Event of Default under the Reimbursement Agreement.* The Series A Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Series A Bonds be redeemed following any Event of Default under the Reimbursement Agreement. The Redemption Date shall be the earliest practicable date, but in no event shall such redemption occur later than two Business Days prior to the date, if any, that the Credit Facility terminates on account of the Credit Provider’s giving of direction to the Trustee to redeem all of the Series A Bonds.

(c) *Series A Bonds — Sinking Fund Redemption.*

(1) The Series A Bonds shall be redeemed at the times and in the amounts set forth in the Sinking Fund Schedule below (subject to the provisions of the Indenture permitting amounts to be credited toward part or all of any one or more Sinking Fund Payments).

### Sinking Fund Schedule\*

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
5/1/2029	\$90,000.00	11/1/2036	\$125,000.00
11/1/2029	85,000.00	5/1/2037	130,000.00
5/1/2030	90,000.00	11/1/2037	135,000.00
11/1/2030	95,000.00	5/1/2038	140,000.00
5/1/2031	95,000.00	11/1/2038	140,000.00
11/1/2031	95,000.00	5/1/2039	145,000.00
5/1/2032	100,000.00	11/1/2039	150,000.00
11/1/2032	100,000.00	5/1/2040	155,000.00
5/1/2033	110,000.00	11/1/2040	160,000.00
11/1/2033	105,000.00	5/1/2041	160,000.00
5/1/2034	110,000.00	11/1/2041	170,000.00
11/1/2034	115,000.00	5/1/2042	170,000.00
5/1/2035	120,000.00	11/1/2042	175,000.00
11/1/2035	120,000.00	5/1/2043	185,000.00
5/1/2036	125,000.00	11/1/2043	22,815,000.00

(2) If less than all of the Series A Bonds of a specific maturity have been redeemed other than from Sinking Fund Payments applicable to such Series A Bonds, the principal amount of the Series A Bonds of such maturity to be redeemed in each year from Sinking Fund Payments shall be decreased pro rata among all Sinking Fund Payments applicable to such Series A Bonds. Any such proportional redemption shall be confirmed in writing to the Trustee by the Loan Servicer.

(3) The Borrower shall cause to be provided to the Trustee a revised sinking fund schedule in connection with any redemption in part.

(d) *Excess Bond Proceeds Funds.* The Series A Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Series A Project Account are transferred to the Series A Redemption Account pursuant to the Indenture.

(e) *Series A Bonds — Mandatory Redemption Upon Failure to Deliver the Credit Facility by the BCE Delivery Date Deadline.* The Series A Bonds are subject to mandatory redemption in whole five (5) calendar days after the BCE Delivery Date Deadline at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the BCE Delivery Date has not occurred on or prior to the BCE Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Series A Collateral Fund Account and second, from money on deposit in the Series A Project Account, and with respect to premium, if any, and interest, from money on deposit in the Series A Interest Account.

(f) *Series A Bonds — Mandatory Redemption on the BCE Delivery Date.* The Series A Bonds are subject to mandatory redemption in part on the BCE Delivery Date at a Redemption Price equal to 101% of the principal amount of the Series A Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Series A Bond Payment Date

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\* Preliminary; subject to change



occurred to the BCE Delivery Date, in an amount equal to the difference between (i) the principal amount of the Series A Bonds on the BCE Delivery Date and (ii) the aggregate principal amount of the Series A Bonds Outstanding as of the first day of the month in which the BCE Delivery Date occurred, payable with respect to principal first, from money on deposit in the Series A Collateral Fund Account and second, from money on deposit in the Series A Project Account, and with respect to interest and premium, if any, from money on deposit in the Series A Interest Account and other Available Moneys.

(g) *Series B Bonds — Mandatory Redemption for Failure to Remarket.* The Series B Bonds are subject to mandatory redemption in whole at a redemption price of 100% of the Outstanding principal amount thereof, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Series B 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 Series B Bonds on such Mandatory Tender Date. Series B Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Series B Collateral Fund Account, (ii) amounts on deposit in the Series B Interest Account of the Revenue Fund, (iii) amounts on deposit in the Series B Project Account, and (iv) any other Available Moneys available or made available for such purpose at the written direction of the Borrower.

#### **Notice of Redemption to Registered Owners**

For any redemption of Bonds described under:

(1) “Optional Redemption” above or paragraphs (a) or (c) under “Mandatory Redemption” above, the Trustee shall give notice of redemption by first class mail, postage prepaid, not less than twenty (20) days prior to the specified Redemption Date, to the Registered Owner of each Bond to be redeemed at the address of such Registered Owner as shown on the Bond Register. With respect to Book-Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. The Dissemination Agent shall cause a copy of the notice of redemption to be posted on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

(2) paragraph (b) under the heading “Mandatory Redemption” above, the Trustee shall give immediate notice of redemption.

(3) paragraph (d) under the heading “Mandatory Redemption” above, the Trustee will give notice of redemption as provided in the Indenture.

(4) “Optional Redemption” above, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds including Available Moneys to pay any redemption premium in full (“Conditional Redemption”), and such notice and optional redemption shall be of no effect if either (i) by no later than the scheduled Redemption Date, sufficient moneys to redeem the Bonds and sufficient Available Moneys to pay any redemption premium have not been deposited with the Trustee, or if such moneys are deposited, are not available on the Redemption Date or (ii) the Trustee at the direction of the Credit Provider rescinds such notice on or prior to the scheduled Redemption Date.

The Trustee shall cause a second notice of redemption to be sent by first class mail, postage prepaid, on or within ten days after the 30th day after the Redemption Date to any Bondholder who has not submitted its Bond to the Trustee for payment. The Trustee shall provide copies of all notices given under this section and of all revocations of notices to the Credit Provider and the Loan Servicer at the same time it gives notices to Bondholders.

Each notice of redemption must state: (i) the date of the redemption notice; (ii) the Closing Date and the complete official name of the Bonds, including the series designation; (iii) for each Bond to be redeemed, the interest rate, Maturity Date and in the case of a partial redemption of Bonds, the principal amount of each Bond to be redeemed; (iv) the CUSIP numbers of all Bonds being redeemed; (v) the place or places where the Bonds to be redeemed must be surrendered for payment and where amounts due upon such redemption will be payable upon surrender of the Bonds to be redeemed; (vi) the Redemption Date and redemption price of each Bond to be redeemed; (vii) the name, address, telephone number and contact person at the office of the Trustee with respect to such redemption; (viii) that interest on all Bonds to be redeemed will not accrue from and after the Redemption Date; (ix) if a redemption is a Conditional Redemption, that redemption is conditional upon receipt by the Trustee of sufficient moneys to redeem the Bonds, including Available Moneys to pay any redemption premium, and (x) that the Credit Provider may direct the Trustee to cancel such redemption upon the occurrence of any Event of Default under the Reimbursement Agreement or for any other reason.

If notice is given as stated in the Indenture, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

The Trustee shall rescind any Conditional Redemption if the conditions for redemption set forth therein have not been met on or prior to the Redemption Date, or if the Trustee has received a direction to cancel the Conditional Redemption from the Credit Provider. The Trustee shall give notice of rescission by the same means as is provided in this section for the giving of notice of redemption or by Electronic Means confirmed in writing. The optional redemption shall be canceled once the Trustee has given notice of rescission. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the Redemption Date shall constitute an Event of Default. Notwithstanding notice having been given in the manner provided above, any optional redemption of Bonds shall be canceled with the consent of or at the direction of the Credit Provider if the Credit Provider has notified the Trustee in writing that an Event of Default under the Reimbursement Agreement has occurred.

## **Redemption Payments**

If notice of redemption has been given and the conditions for such redemption, if applicable, have been met, the Bonds called for redemption shall become due and payable on the Redemption Date, interest on those Bonds will cease to accrue from and after the Redemption Date and the called Bonds will no longer be Outstanding. The holders of the Bonds so called for redemption shall thereafter no longer have any security or benefit under the Indenture except to receive payment of the redemption price for such Bonds upon surrender of such Bonds to the Trustee. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds will be held in trust for the account of the holders of the Bonds to be redeemed. If less than the entire principal amount of a Bond is called for redemption, the Issuer shall execute, and the Trustee shall authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge by the Issuer or the Trustee to the Bondholder, in exchange for the unredeemed principal amount of such Bond, a new Bond or Bonds of the same interest rate, maturity and term, in any Authorized Denomination, in aggregate principal amount equal to the unredeemed balance of the principal amount of the Bond so surrendered.

## **Selection of Bonds to be Redeemed Upon Partial Redemption**

If less than all of the Outstanding Bonds are called for redemption, the Trustee shall select by lot, in such manner as it determines in its discretion, the bonds, or portions of the Bonds in Authorized Denominations, to be redeemed. The portion of any Bond to be redeemed shall be an Authorized Denomination and in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination. For the purposes of this section, Bonds which have previously been selected for redemption will not be deemed Outstanding. If for any reason the principal amount of Bonds called for redemption would result in a redemption of Bonds less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of Bonds to be redeemed, is authorized to adjust the selection of Bonds for such purpose in order to minimize any such redemption. If a portion of a Bond is called for redemption, then, upon surrender of such Bond, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond in principal amount equal to the unredeemed portion thereof and with the same maturity, interest rate, series and tenor in any Authorized Denomination, without charge to the holder of such Bond. Notwithstanding the foregoing, the Securities Depository for Book-Entry Bonds shall select the Bonds for redemption within particular maturities according to its stated procedures.

## **Mandatory Tender of Series B Bonds**

*Purchase of Series B Bonds on Mandatory Tender Dates.* All Outstanding Series B Bonds shall be subject to mandatory tender by the Bondholders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series B Bond shall be payable in lawful money of the United States of America by wire, check or draft, 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.

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

*Purchase of Tendered Series B Bonds.* The Trustee shall utilize amounts representing proceeds of remarketed Series B Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Series B Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

*Cancellation of Remarketing.* In the event the Series B Bonds must be redeemed as a result of the occurrence of any of the events listed in the Indenture, the remarketing shall be cancelled and all Bonds outstanding on the Mandatory Tender Date shall be redeemed in accordance with the Indenture.

*Undelivered Bonds.* Series B Bonds shall be deemed to have been tendered for purposes of the Indenture whether or not the Bondholders shall have delivered such undelivered Series B Bonds to the Trustee, and subject to the right of the holders of such undelivered Series B Bonds to receive the purchase price of such undelivered Series B Bonds on the Mandatory Tender Date, such undelivered Series B Bonds shall be null and void. If such undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series B Bonds in replacement thereof pursuant to the remarketing of such undelivered Bonds.

## **Notice of Mandatory Tender for Series B Bonds**

*Notice to Holders.* No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the holders of the Series B Bonds Outstanding (with a copy to the Borrower, the Issuer, 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) if certain conditions are met, all Outstanding Series B Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Series B Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Bondholders will not have the right to elect to retain their Series B Bonds;
- (ii) the address of the designated corporate trust office of the Trustee at which Bondholders should deliver their Series B Bonds for purchase and the date of the required delivery;
- (iii) that all Outstanding Series B Bonds will be purchased 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) that if, in the event that the conditions to remarketing set forth in the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Series B Bonds on the Mandatory Tender Date, all of the Series B Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and
- (v) that any Series B Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

*Second Notice.* In the event that any Series B Bond required to be delivered to the Trustee for payment of the purchase price of such Series B Bond shall not have been delivered to the Trustee on or before the 30th 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 Series B Bond to the Trustee and stating that delivery of the Series B 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 applicable to the Series B Bond.

*Failure to Give Notice.* Neither failure to give or receive any notice described in the Indenture, 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 the Indenture.

## **Extension of BCE Delivery Date Deadline**

At any time prior to the BCE Delivery Date Deadline, the Borrower may extend the BCE Delivery Date Deadline by (i) providing to the Trustee, the Construction Lender, the Loan Servicer, the Issuer, the Rating Agency and the Underwriter written notice of any extension of the BCE Delivery Date Deadline, including written confirmation from the Loan Servicer that the Fannie Mae Forward Commitment termination date is extended, if applicable, (ii) depositing with the Trustee Available Moneys for the credit of the Series A Interest Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, including anticipated investment earnings, sufficient to pay interest due on the Series A Bonds to the date that is five (5) calendar days after the extended BCE Delivery Date Deadline (the

“Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Series A Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the BCE Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in a mandatory redemption of the Series A Bonds pursuant to the Indenture provided, however, the BCE Delivery Date Deadline may not be extended to a date that is later than the fourth anniversary of the Closing Date unless, prior to any extension beyond such date, there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

Under the Indenture, to secure the payment of the principal of and interest and any premium on the Bonds according to their tenor and effect, to secure, on a parity basis, all obligations owed to the Credit Provider under the Credit Facility Documents and the Loan Documents, and to secure the performance and observance by the Issuer of the covenants expressed or implied in the Indenture and in the Bonds, the Issuer absolutely and irrevocably pledges and assigns the property described in the following paragraphs (1) through (6) to the Trustee for the benefit of, as set forth in such paragraphs, the Bondholders and, from and following the BCE Delivery Date, the Credit Provider, as their interests may appear, subject to the Assignment and the provisions of the Indenture permitting the application of such property for the purposes set forth in the Indenture:

(1) To (a) the Holders of the Series A Bonds and the Credit Provider (but only following the BCE Delivery Date), all right, title and interest of the Issuer in and to the Series A Note, and from and after the BCE Delivery Date, the Security Instrument, the other Loan Documents, including all proceeds of insurance or condemnation awards and the Facility Agreement; and (b) the Holders of the Series B Bonds, all right, title and interest of the Issuer in and to the Series B Note; (except, with respect to (a) and (b), the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

(2) To the Holders of the Series A Bonds and the Credit Provider (but only from and after the BCE Delivery Date), all right, title and interest of the Issuer in and to amounts on deposit in the Series A Project Account to be funded at closing in an amount equal to the principal amount of the Series A Bonds;

(3) To the Holders of the Series B Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B Project Account to be funded at closing in an amount equal to the principal amount of the Series B Bonds;

(4) To the Holders of the Series A Bonds and the Credit Provider (but only from and after the BCE Delivery Date), all right, title and interest of the Issuer in and to amounts on deposit in the Series A Collateral Fund Account, Series A Redemption Account, the Series A Interest Account and the Series A Principal Account;

(5) To the Holders of the Series B Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B Collateral Fund Account and the Series B Interest Account; and

(6) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under the Indenture for the benefit of the Bondholders and, following the BCE Delivery Date, the Credit Provider.

### **Limited Obligations**

The Bonds are special, limited obligations of the Issuer, payable solely from the Security. Neither the Issuer, the State, nor any political subdivision thereof (except the Issuer, to the limited extent set forth in the Indenture), nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth in the Indenture, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power.

The Issuer shall not be liable for payment of the principal of, redemption price or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Bonds or any other documents. Only amounts received for the payment from the Borrower under the Financing Agreement shall be used by the Issuer for such costs.

No director, member, officer, agent, employee or attorney of the Issuer, including any person executing the Indenture or the Bonds, shall be liable personally on the Bonds or for any reason relating to the issuance of the Bonds. No recourse shall be had for the payment of the principal of or the interest on the Bonds, or for any claim based on the Bonds, or otherwise in respect of the Bonds, or based on or in respect of the Indenture or any supplemental Indenture, against any officer, employee or agent, as such, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, and as part of the consideration for the issuance of the Bonds, expressly waived and released.

No agreements or provisions contained in the Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against the general credit of the Issuer, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under the Financing Agreement and the proceeds of the Bonds and other amounts pledged under the Indenture. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under the Financing Agreement or proceeds of the Bonds and other amounts pledged under the Indenture. Nothing in the Indenture shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in the Indenture, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged thereunder.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against, the Issuer, any past, present or future member of its governing body, its officers,

attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of the Indenture and the issuance of any of the Bonds.

It is recognized that notwithstanding any other provision of the Indenture, neither the Borrower, the Trustee nor any Bondholder shall look to the Issuer for damages suffered by the Borrower, the Trustee or such Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under the Indenture, the Financing Agreement, the Bonds or any of the other documents referred to in the Indenture, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although the Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in the Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to the Indenture, the Issuer shall have received satisfactory indemnification.

Anything in the Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties thereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required under the Indenture to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation under the Indenture to perform any record keeping or to provide any legal services; and (iii) none of the provisions of the Indenture shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers thereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses, and liability which may be incurred thereby.

## **The Credit Facility**

To provide security for the Series A Bonds following the BCE Delivery Date, it is expected that Fannie Mae will deliver the Credit Facility to the Trustee. A form of the Credit Facility is attached as APPENDIX G hereto.

Upon presentation by the Trustee of documents required by the Credit Facility and subject to the terms and conditions thereof, Fannie Mae will advance funds under the Credit Facility to the Trustee with respect to the payment of: (i) the principal amount of the Series A Bonds (other than Series A Bonds that are Excluded Bonds) when due, or due as a result of acceleration, redemption, stated maturity (other than an acceleration of the Series A Bonds to which Fannie Mae has not consented) and (ii) interest on the Series A Bonds (other than Series A Bonds that are Excluded Bonds).

The Credit Facility, if issued, will expire on November 6, 2043\*, unless terminated earlier in accordance with its terms, as described herein. The final advance by Fannie Mae under the Credit Facility is expected to be made on November 1, 2043\* in an amount sufficient to pay all outstanding principal and accrued but unpaid interest on the Series A Bonds on November 1, 2043\*.

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\* Preliminary; subject to change

## THE CREDIT PROVIDER

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

**General.** Fannie Mae is a federally chartered corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market. Fannie Mae does not make direct mortgage loans, but instead acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities (“MBS”) backed by pools of mortgage loans acquired from lenders. Fannie Mae receives guaranty fees for its guarantee of the timely payment of principal and interest on MBS certificates.

**Conservatorship.** On September 6, 2008, Fannie Mae’s safety and soundness regulator, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. On September 7, 2008, Fannie Mae, through FHFA as conservator, entered into two agreements with the U.S. Department of the Treasury (“Treasury”) – a Senior Preferred Stock Purchase Agreement (“Stock Purchase Agreement”) and a Common Stock Warrant (“Warrant”). The Stock Purchase Agreement sets forth Treasury’s commitment (the “Commitment”) to provide funds to Fannie Mae under the terms and conditions set forth therein. Fannie Mae generally may draw funds under the Commitment on a quarterly basis if Fannie Mae’s total liabilities exceed its total assets on its consolidated balance sheet calculated in accordance with generally accepted accounting principles as of the end of a quarter. See the documents incorporated by reference below for additional information about Fannie Mae, its operation in conservatorship, and its agreements with Treasury.

**Additional Information.** Fannie Mae is incorporating certain documents by reference in this Official Statement that Fannie Mae files from time to time with the Securities and Exchange Commission (the “SEC”). This means that Fannie Mae is disclosing information to you by referring you to those documents, rather than providing you with separate copies. Those documents are considered part of this Official Statement, so you should read this Official Statement, and any applicable supplements or amendments, together with those documents, before making an investment decision. You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae incorporates by reference the following documents that Fannie Mae has filed, or may file with the SEC: (A) its most recently filed annual report on Form 10-K, (B) all other reports filed pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) since the end of the year covered by such Form 10-K, excluding any information “furnished” to the SEC on Form 8-K; and (C) all documents filed pursuant to Section 13(a), 13(c), or 14 of the Exchange Act after the date of this Official Statement and prior to the termination of the offering related to the Series A Bonds, excluding any information “furnished” to the SEC on Form 8-K. Fannie Mae’s SEC filings are available at the SEC’s website at [www.sec.gov](http://www.sec.gov), and are also available on Fannie Mae’s web site at <http://www.fanniemae.com> or from Fannie Mae at the Office of Investor Relations at 202-752-1234.



Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Series A Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Series A Bonds is limited to discharging its obligations under the Credit Facility, if issued and delivered to the Trustee, and exercising the rights reserved to it in the Indenture, the Assignment and the Reimbursement Agreement.

## **PRIVATE PARTICIPANTS**

*The following has been provided solely by the Borrower. Certain financial information with respect to the Project is included herein. Neither the Issuer nor any of its officers or members makes any representations as to the accuracy or sufficiency of such information.*

### **The Borrower**

The borrower for the Project is Maison's Sierra Phase 2, LP, a California limited partnership (the "Borrower"). The Borrower is a single-purpose entity formed to acquire, construct, rehabilitate and operate the Project. The Borrower's administrative general partner is Ravello MODs Sierra Phase 2, LLC, a California limited liability company (the "Administrative General Partner") and will have a 0.005% ownership interest in the Borrower. The Borrower's managing general partner is AHA High Desert II, MGP, LLC, a California limited liability company (the "Managing General Partner" and collectively with the Administrative General Partner, the "General Partner") and will have a 0.005% ownership interest in the Borrower.

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership, and management of other similar types of projects that may be competitive with the Project.

### **The Developer**

The developer for the Project is Ravello Holdings, Inc., a California corporation (the "Developer"), located in Manhattan Beach, California. The Developer was started in 2013 and has 10 years of experience in affordable housing and multifamily development. The Developer has developed approximately 1,300 units in one state.

### **Investor Limited Partner**

Contemporaneously with the issuance of the Bonds, MCI Maison's Sierra II, L.P., an Indiana limited partnership, as an investor limited partner (the "Investor Limited Partner") expects to acquire a 99.99% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project's federal low-income housing tax credits (the "LIHTCS"). The funding of the federal low income housing tax credit equity (the "Tax Credit Equity") by the Investor Limited Partner is expected to total approximately \$23,143,682\*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that 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 no representation is made as to the availability of such funds.

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\* Preliminary; subject to change.

## **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 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. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The Borrower and its partners will not be personally liable for payments on the Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

### **The Architect**

The architect for the Project is Bassenian Lagoni, Inc. (the "Architect"). The Architect is not an affiliate of the Developer. The Architect started in 1979 and demonstrates considerable affordable, LIHTC, HUD and senior housing experience. The Architect has designed the new construction or renovation of many rehabilitation, civic and commercial projects, with a focus on affordable multifamily housing. The Architect's clients include community groups and nonprofit organizations whose patronage accounts for a significant percentage of the projects in its office.

### **The General Contractor**

The general contractor for the Project is Ravello West Construction, Inc. (the "General Contractor"). The General Contractor is an affiliate of the Developer. Based out of Los Angeles, California, the General Contractor was formed in 2014 and is a California State-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 600 units of affordable apartments.

### **The Property Manager**

The Borrower has entered into a management agreement with CONAM Management 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 1975. The Property Manager currently manages over 60,000 apartment units in 11 States.

## **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 by the Underwriter or the Issuer 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 Maison's Sierra Phase II, is located in Lancaster, California, on an approximately 12.5-acre site. The Project contains 171 apartment units in 94 building(s) located at intersection of West Ave. H-2 & Schamise Street. Common area improvements will include: community

rec building, park, pool, rec areas and paseos. Unit amenities include: modern kitchens/bathrooms, patios, upgraded finishes including vinyl flooring and stone counters. There are 272 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 mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Approximate Average Square Feet	Number of Units
1 Bedroom	676	132
2 Bedrooms	1,004	<u>39</u>
<b>TOTAL</b>		<b>171</b>

### PLAN OF FINANCING

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

<b>Sources of Funds*</b>	
Series A Bonds	\$26,510,000
Series B Bonds	5,090,000
Tax Credit Equity	23,143,682
Deferred Developer Fee	4,385,968
Lancaster City Loan	3,509,757
Borrower Equity	<u>41,885</u>
<b>Total</b>	<b><u>\$62,681,292</u></b>
<b>Uses of Funds*</b>	
Acquisition	\$1,243,479
Construction	29,917,488
Developer Fee	6,150,000
Financing Costs	7,641,651
Soft Costs	10,228,674
Repayment of Series A Upsize	2,410,000
Repayment of Series B Bonds	<u>5,090,000</u>
<b>Total</b>	<b><u>\$62,681,292</u></b>

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

*The Construction Loan.* The Project will utilize a construction loan in the principal amount of \$42,000,000\* (the "Construction Loan"). The obligation to repay the Construction Loan will be set forth in a promissory note (the "Construction Loan Note") from the Borrower to the Construction Lender and will be repayable with the proceeds of the Permanent Loan and Tax Credit Equity. The Construction Loan Note will be secured by a mortgage against the Project. The Construction Loan Note will have a term of 30 months and bear interest at a rate equal to the 30-Day Average SOFR plus 275 basis points per annum,

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\* Preliminary; subject to change.

with principal and interest not otherwise paid, due at maturity. The applicable portion of the Construction Loan proceeds will be disbursed from time to time by the Construction 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 Tax Credit Equity.* Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project's Tax Credit Equity. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately \$23,143,682\* with an initial contribution of approximately \$3,263,012, which will be funded on the Closing Date. 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.

*Deferred Developer Fee.* The Project will also utilize a deferred developer fee in the amount of \$4,385,968\* (the "Deferred Developer Fee") as a source of funding. The Deferred Developer Fee will be repaid through surplus cash flow received from the operation of the Project.

*The Lancaster City Loan.* The Project will also utilize a loan in the principal amount of \$3,509,757\* (the "Lancaster City Loan"). The obligation to repay the City Loan will be set forth in a promissory note (the "Lancaster City Note") from the Borrower to City of Lancaster, and the Lancaster City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Lancaster City Note will be secured by a subordinate mortgage against the Project subordinate to the Construction Loan and Mortgage Loan. The Lancaster City Note will have a term 21 years\* starting at the Closing Date and will bear interest at a rate of approximately 3.81%\* per annum, with annual principal and interest not otherwise paid, due at maturity.

## **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 Regulatory Agreement. Under the Regulatory Agreement, the Borrower will agree that, at all times during the qualified project period (as defined in the Regulatory Agreement), the Borrower will rent all of the units (other than manager units) in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is no more than 70% of the area median income (adjusted for family size) ("AMI"). See "APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the LIHTCs 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 residential units (excluding the manager units) in the Project (the "Tax Credit Units"). Fifty-seven (57) 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 and the rents which may be charged for occupancy of such units will be restricted to not more than 30% of 70% of AMI, adjusted for family size and other factors. Seventy-eight (78) 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 the rents which

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\* Preliminary, subject to change.

may be charged for occupancy of such units will be restricted to not more than 30% of 60% of AMI, adjusted for family size. Seventeen (17) 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 and the rents which may be charged for occupancy of such units will be restricted to not more than 30% of 50% of AMI, adjusted for family size. Seventeen (17) 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 and the rents which may be charged for occupancy of such units will be restricted to not more than 30% of 30% of AMI, adjusted for family size.

## **THE LOAN SERVICER**

Following the BCE Delivery Date, Merchants Capital Corp. (the “Loan Servicer”) will perform mortgage servicing functions with respect to the Loan pursuant to the Reimbursement Agreement and related documents on behalf of and in accordance with Fannie Mae requirements. The servicing arrangements between Fannie Mae and the Loan Servicer for servicing the Loan are solely between Fannie Mae and the Loan Servicer and neither the Issuer nor the Trustee is deemed to be a party thereto or has any claim, right, obligation, duty or liability with respect to the servicing of the Loan.

The Loan Servicer will be obligated, pursuant to its arrangements with Fannie Mae and Fannie Mae’s servicing requirements, to perform diligently all services and duties customary to the servicing of mortgages, as well as those specifically prescribed by Fannie Mae. Fannie Mae will monitor the Loan Servicer’s performance and has the right to remove the Loan Servicer with or without cause. The duties performed by the Loan Servicer include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts and collection of insurance claims.

## **CERTAIN BONDHOLDERS’ RISKS**

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

### **No Borrower Personal Liability**

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

### **Limited Security; Investment of Funds**

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 pledged to and held by the Trustee under the Indenture, together with investment earnings thereon, and, with respect to the Series A Bonds, from and after the BCE Delivery Date, the Credit Facility, and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security. 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, together with investment earnings thereon, 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, together with investment earnings thereon and, with respect to the Series A Bonds, following the BCE Delivery Date, from payments made pursuant to the Credit Facility. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited into the Bond Proceeds Fund. The Trustee is required to invest amounts held in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund in Permitted Investments, as defined in the Indenture. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investments.” Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

### **Payments on Series A Bonds Prior to BCE Delivery Date**

Prior to the BCE Delivery Date, payment of principal and interest, and the Borrower’s obligations with respect to principal and interest on the Series A Bonds, will be primarily secured by and payable from Series A Bond proceeds held in the Series A Project Account and moneys deposited into the Series A Collateral Fund Account, the Series A Interest Account of the Revenue Fund and the Series A Principal Account of the Revenue Fund. Although the Borrower will execute the Series A Note to evidence its obligation to repay the loan evidenced thereby, it is not expected, prior to the BCE Delivery Date, that any revenues from the Project or other amounts, except moneys on deposit in the Series A Project Account, the Series A Collateral Fund Account and the Series A Interest Account and Series A Principal Account of the Revenue Fund, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Series A Project Account, that the sum of the funds on deposit in the Series A Project Account and the Series A Collateral Fund Account is at least equal to the then-outstanding principal amount of the Series A Bonds. Prior to the BCE Delivery Date, moneys on deposit in the Series A Project Account and the Series A Interest Account of the Revenue Fund, and the interest earnings thereon will be sufficient to pay the debt service on the Series A Bonds.

### **Failure to Satisfy Conditions to Conversion**

The Borrower is required to satisfy, prior to the BCE Delivery Date Deadline, the conditions to the delivery of the Credit Facility set forth in the Fannie Mae Forward Commitment. If the Borrower fails to satisfy such conditions to Conversion, the Credit Facility will not be delivered, resulting in the mandatory redemption of the Series A Bonds pursuant to the Indenture. See “DESCRIPTION OF THE BONDS — Redemption of Bonds” herein.

### **Permitted Investments**

Proceeds of the Bonds deposited into the Bond Proceeds Fund and Available Moneys received by the Trustee for deposit into the Collateral Fund are required to be invested in Permitted Investments. See “APPENDIX B — DEFINITIONS OF CERTAIN TERMS” hereto for the definition of Permitted Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Bond Proceeds 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 Permitted Investments and Credit Provider**

Prior to the BCE Delivery Date with respect to the Series A Bonds and at all times with respect to the Series B Bonds, the rating on the Bonds is based on the investment in Permitted Investments of amounts on deposit in the Bond Proceeds Fund and the Collateral Fund. If one or more of such investments fail to meet the rating standards for Permitted Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds. Following the BCE Delivery

Date, the rating on the Series A Bonds will be based on the credit rating of Fannie Mae. If any event occurs that causes an adverse change to the credit rating of Fannie Mae, such a change may result in a downgrade or withdrawal of the rating on the Series A Bonds.

### **Special, Limited Obligations**

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY. NEITHER THE ISSUER, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN), NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, 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.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT FACILITY, IF ISSUED AND DELIVERED TO THE TRUSTEE. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

### **Early Redemption**

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

### **No Acceleration or Redemption upon Loss of Tax Exemption**

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

**by reason of the Borrower's failure to comply with the requirements of federal tax law, and neither the Issuer, the Trustee nor the Bondholders will have remedies available to them, except as may otherwise be set forth in the Regulatory Agreement, to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower's non-compliance.**

### **Performance of the Project and Estimated Rental Revenue Vacancies**

The economic feasibility of the Project depends in large part upon the Project's being substantially occupied as rentals adequate to maintain substantial occupancy throughout the term of the Bonds at sufficient rents and to cover all operating expenses of the Project and debt service on the Permanent Loan. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by the Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, notwithstanding the below-market rental rates. Restrictions imposed under the Code and related regulations, the Regulatory Agreement and other restrictive covenants, relating to tenant income and the rent that can be charged could have an adverse effect on the Borrower's ability to satisfy its obligations under the Financing Agreement, especially if operating expenses should increase beyond what was anticipated.

### **Enforceability and Bankruptcy**

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

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

### **Normal Risks**

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

### **Management of the Project**

The successful operation of the Project will depend, to a large extent, upon the management services provided by the manager of the Project and upon the ability of the Borrower to lease the units,



keeping the Project substantially occupied through the term of the Bonds. There is no assurance that the manager will operate the Project on a profitable basis. There can be no assurance that the Project will be operated in a manner which will provide sufficient money to pay principal and interest on the Bonds and to operate and maintain the Project. See “PRIVATE PARTICIPANTS” herein.

### **Effect of Increases in Operating Expenses**

It is impossible to predict future increases in operating expenses of the Project. Substantial increases in operating expenses will affect future net operating income of the Project and the ability of the Borrower to meet its debt service obligations on the Note.

### **Additional Financing**

The Borrower may obtain additional financing for the Project at a future date. Such additional financing could be in the form of a conventional loan the payment obligations with respect to which would be subordinate to the Borrower’s payment obligations under the Loan. In such case, the increased repayment obligations of the Borrower could increase the likelihood of an early mandatory redemption of the Bonds. Any such mandatory redemption would be at a price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

### **Potential Impact of Pandemics or Public Health Crises**

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project’s operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the 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 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.

### **Secondary Markets and Prices**

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter 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.

### **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 will 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 (the “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.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership, or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix H hereto. To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the 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 beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly

allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. The opinion of Bond Counsel also assumes that actions of the Borrower, the Issuer and other persons taken subsequent to the date of issuance of the Bonds will not cause any of the Bonds to exceed the \$150,000,000 limitation on qualified 501(c)(3) bonds that do not finance hospital facilities, as set forth in Section 145(b) of the Code. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Borrower have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Borrower or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or

the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the Borrower or the beneficial owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **CONTINUING DISCLOSURE**

Prior to the issuance and delivery of the Bonds, the Borrower will enter into a Continuing Disclosure Agreement, dated as of October 1, 2025 (the “Continuing Disclosure Agreement”), with U.S. Bank Trust Company, National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the “MSRB”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“EMMA”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX I.

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

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule. For certain projects, certain affiliates of the Borrower have failed to comply with certain undertakings under the Rule during the five-year period prior to the date of this Official Statement, including instances of failure to timely file financial and/or operating data without notice of late filing.

THE ISSUER IS NOT A PARTY TO THE CONTINUING DISCLOSURE AGREEMENT AND SHALL NOT BE LIABLE FOR THE SUFFICIENCY OF THE CONTINUING DISCLOSURE AGREEMENT TO SATISFY THE REQUIREMENTS OF THE RULE. IN ADDITION, THE ISSUER HAS MADE NO UNDERTAKINGS RELATING TO THE RULE IN CONNECTION WITH THE OFFERING, ISSUANCE AND SALE OF THE BONDS. THE ISSUER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE BORROWER’S COMPLIANCE WITH THE BORROWER’S OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT.

## 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 \$\_\_\_\_\_ plus \$\_\_\_\_\_, 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[, plus an additional amount of \$\_\_\_\_\_ (the “Underwriter’s Advance”) for initial deposits established under the Indenture]. The Underwriter’s fee shall not include the fee of its counsel. [The Borrower will reimburse the Underwriter for the Underwriter’s Advance on or before the Closing Date.]

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, financial 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. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

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 Series B Bonds on the Initial Mandatory Tender Date; conflicts of interest could arise.

## **RATINGS**

Moody's Investors Service, Inc., a Delaware corporation (the "Rating Agency"), has assigned to the Bonds the ratings set forth on the cover page hereof. An explanation of the significance of such ratings may be obtained from the Rating Agency. The ratings of the Bonds reflect only the views of the Rating Agency at the time such ratings were given, and neither the Issuer nor the Borrower nor the Underwriter makes any representation as to the appropriateness of the ratings. The ratings are not a recommendation to buy, sell, or hold the Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the Rating Agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to an approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Issuer. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX H hereto. Certain legal matters will be passed upon for the Borrower by its counsel, Cox, Castle & Nicholson LLP, San Francisco, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

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

## **ABSENCE OF LITIGATION**

### **The Issuer**

To the knowledge of the Issuer, there is no proceeding or litigation of any nature now pending or threatened against the Issuer restraining or enjoining the issuance, sale, execution or delivery of the Bonds or the Financing Documents to which the Issuer is a party, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

### **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 actual knowledge of the Borrower, threatened in writing against or affecting the Borrower or any general partner of the Borrower, in their respective capacities as such, nor, to the actual 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, (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.

### **ENFORCEABILITY OF REMEDIES**

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

### **RELATIONSHIP AMONG PARTIES**

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

### **MISCELLANEOUS**

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

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

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

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

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

[Signature page to follow]



This Official Statement has been approved by the Borrower for distribution by the Underwriter to potential purchasers of the Bonds and has been duly authorized, executed and delivered by the Borrower.

**MAISON'S SIERRA PHASE 2, LP,**  
a California limited partnership

By: AHA High Desert II MGP, LLC,  
a California limited liability company,  
its Managing General Partner

By: Affordable Housing Access, Inc.,  
a California nonprofit public benefit corporation,  
its Manager

By: \_\_\_\_\_  
Vasilios Salamandrakis  
President

By: Ravello MODs Sierra Phase 2, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Ravello Holdings, Inc.,  
a California corporation,  
its Manager

By: \_\_\_\_\_  
Dilip K. Ram  
President

## APPENDIX A

### DEFINITIONS OF CERTAIN TERMS

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

“Account” means an account established within a Fund.

“Act” means Chapter 5 of Division 7 of Title 1 of the California Government Code, together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code as now in effect and as it may from time to time hereafter be amended and supplemented.

“Act of Bankruptcy” means any proceeding instituted under the Bankruptcy Code or other applicable insolvency law by or against the Issuer.

“Advance” means an advance made under the Credit Facility.

“Affiliate” as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, “control” (including with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

“As their interests may appear” or “As its interest may appear” means, with reference to any of the Assigned Rights, the respective interests, exclusive of the Reserved Rights of the Issuer, of Fannie Mae and of the Trustee to such documents and rights as set forth in the Assignment.

“Assigned Rights” has the meaning given to that term in the Assignment.

“Assignment” means the Assignment and Intercreditor Agreement, dated as of the BCE Delivery Date, by and among the Issuer, the Trustee and Fannie Mae, and acknowledged and agreed to by the Borrower, as it may be amended, supplemented or restated from time to time.

“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, the Loan Servicer, the Credit Provider 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, the Loan Servicer and the Credit Provider) a written certificate revoking such person’s authority to act in such capacity.

“Authorized Denomination” means \$5,000, or any integral multiple of \$5,000 in excess thereof.

“Authorized Loan Servicer Representative” means any person who, at any time and from time to time, is designated as the Loan Servicer’s authorized representative by written certificate furnished to the Issuer, the Borrower, the Credit Provider and the Trustee containing the specimen signature of such person and signed on behalf of the Loan Servicer.

“Authorized Officer” means any member of the Board of Directors of the Issuer (the “Board”) or the Executive Director of the Issuer, or any other person designated by a certificate signed by a member of the Board or such Executive Director and filed with the Trustee.

“Available Moneys” means, as of any date of determination, any of:

(a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter;

(b) moneys drawn on a letter of credit;

(c) with respect to the Series A Bonds, moneys received by the Trustee pursuant to an Advance on the Credit Facility;

(d) any amounts received by the Trustee representing advances to the Borrower of proceeds of the Construction Loan;

(e) remarketing proceeds of the Series B 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 the Series B Bonds;

(f) any other amounts, including the proceeds of refunding bonds, for which, in each case, the Trustee has received an Opinion of Counsel to the effect that 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) or be avoidable as preferential payments under Section 544, 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(g) any payments held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy with respect to the Borrower has occurred during such period; and

(h) Investment Income derived from the investment of moneys described in (a), through (g) above.

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

“BCE Delivery Date” means the date on which the Credit Provider delivers the Credit Facility to the Trustee, which shall occur not later than the BCE Delivery Date Deadline. In no event shall the BCE Delivery Date occur prior to the repayment in full of the Construction Loan.

“BCE Delivery Date Deadline” means May 1, 2028\*, or, if such day is not a Business Day, the following Business Day, as such date may be extended pursuant to the Indenture.

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\* Preliminary; subject to change

“Beneficial Owner” means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

“Bond” or “Bonds” means, individually or collectively as context may dictate, the Series A Bonds and the Series B Bonds.

“Bond Counsel” means (i) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds or (ii) after the Closing Date, any law firm selected by the Borrower and acceptable to the Credit Provider and the Issuer, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest payable on bonds issued by states and political subdivisions.

“Bond Documents” means the Assignment, the Bonds, the Bond Purchase Agreement, the Credit Facility, the Continuing Disclosure Agreement, the Financing Agreement, the Indenture, the Regulatory Agreement (and any other agreement relating to rental restrictions on the Mortgaged Property), the Tax Certificate, and all other documents, instruments and agreements executed and delivered in connection with the issuance, sale and delivery of the Bonds, as each such agreement or instrument may be amended, supplemented or restated from time to time.

“Bond Proceeds Fund” means the Bond Proceeds Fund created by the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated October \_\_, 2025, among the Underwriter, the Issuer and the Borrower.

“Bond Register” means the Bond Register maintained by the Trustee pursuant to the Indenture.

“Bond Resolution” means the resolution adopted by the Issuer on June 6, 2025, authorizing and approving the issuance and sale of the Bonds and the execution and delivery of the Indenture, the Assignment, the Bond Purchase Agreement, the Financing Agreement, the Loan Documents to which the Issuer is a party, the Regulatory Agreement, the Tax Certificate and certain other documents, making certain appointments and determining certain details with respect to the Bonds.

“Bondholder,” “holder,” “Owner,” “owner,” “Registered Owner,” or “registered owner” means, with respect to any Bond, the owner of the Bond as shown on the Bond Register.

“Book-Entry Bonds” means that part of the Bonds for which a Securities Depository or its nominee is the Bondholder.

“Book-Entry System” means an electronic system in which the clearance and settlement of securities transactions is made through electronic book-entry changes.

“Borrower” means Maison’s Sierra Phase 2, LP, a California limited partnership, and its permitted successors and assigns.

“Borrower Documents” means the Bond Documents to which the Borrower is a party, the Credit Facility Documents to which the Borrower is a party and the Loan Documents and all other documents to which the Borrower is a party and which are being executed and delivered by the Borrower in connection with the transactions provided for in the Bond Documents, the Loan Documents and the Credit Facility Documents.

“Business Day” means any day other than (a) a Saturday or a Sunday, (b) any day on which the Federal Reserve Bank of New York is not open for business, (c) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (d) any day on which banking institutions located in the city in which the Designated Office of the Trustee is located are required or authorized by law or executive order to close, (e) a day on which banking institutions located in the city in which the Designated Office of the Loan Servicer is located are required or authorized by law or executive order to close; or (f) so long as a Credit Facility is in effect, any day on which the Credit Provider is closed.

“Cash Flow Projection” means cashflow projections 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, establishing, to the satisfaction of the Rating Agency, as applicable, that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund, (b) projected investment income to accrue on amounts on deposit in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund during the applicable period and (c) any additional Available Moneys delivered to the Trustee by or on behalf of the Borrower are sufficient to pay, as applicable, (i) amounts due and payable on the Bonds on each Payment Date, (ii) the costs of any proposed remarketing of the Series B Bonds, as provided in the Indenture, (iv) the optional redemption of the Series B Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Permitted Investments prior to maturity at a price below par, as described in the Indenture, (v) the release of Excess Funds from the Series B Interest Account, as provided in the Indenture and (vi) the purchase sale or exchange of Permitted Investments as provided in the Indenture. The cost and expense of obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“CDLAC” means the California Debt Limit Allocation Committee, and its successor and assigns.

“Certificate of Borrower” means the Certificate of Borrower dated October \_\_, 2025, as it may be amended, supplemented or restated from time to time.

“Closing Date” means the date on which the Bonds are issued and delivered to or upon the order of the Underwriter.

“Code” means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations whether final, temporary or proposed under such provision or successor provision.

“Collateral Fund” means the Fund created and so designated in the Indenture.

“Conditional Redemption” means a redemption where the Trustee has stated in the notice of redemption that the redemption is conditioned upon deposit of funds as further described in the Indenture.

“Construction Lender” means Merchants Bank of Indiana, an Indiana chartered bank.

“Construction Loan” means the loan made from the Construction Lender to the Borrower in the original principal amount of up to \$42,000,000\*.

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\* Preliminary; subject to change

“Construction Loan Documents” means the documents executed and delivered in connection with the Construction Loan, including, without limitation, the promissory note and deed of trust evidencing and securing the Construction Loan.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2025, by and between the Borrower and the Dissemination Agent.

“Costs of Issuance” means:

(a) the fees, costs and expenses of (i) the Issuer, the Issuer’s counsel and the Issuer’s financial advisor, if any, (ii) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter’s counsel, (iii) Bond Counsel, (iv) the Trustee and the Trustee’s counsel, (v) the Loan Servicer and the Loan Servicer’s counsel, if any, (vi) the Credit Provider and the Credit Provider’s counsel, (vii) the Borrower’s counsel and the Borrower’s financial advisor, if any, and (viii) the Rating Agency;

(b) costs of printing the offering documents relating to the sale of the Bonds; and

(c) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and expenses required to be paid to the Loan Servicer in connection with the origination of the Loan.

“Costs of Issuance Deposit” means the deposit to be made by the Borrower with the Trustee on the Closing Date pursuant to the Indenture to pay all or a portion of the Costs of Issuance.

“Costs of Issuance Fund” means the Costs of Issuance Fund created by the Indenture.

“Costs of the Project” means the costs chargeable to the Mortgaged Property in accordance with generally accepted accounting principles, including, but not limited to, the costs of acquisition, construction, rehabilitation, reconstruction, restoration, repair, alteration, improvement and extension (in any of such events, “construction”) of any building, structure, facility or other improvement; stored materials for work in progress; the cost of machinery and equipment; the cost of the “Land” (as that term is defined in the Security Instrument), rights-in-lands, easements, privileges, agreements, franchises, utility extensions, disposal facilities, access roads and site development necessary or useful and convenient for the Mortgaged Property; financing costs, including, but not limited to, the Costs of Issuance, engineering and inspection costs; fees paid to the developer of the Mortgaged Property; organization, administrative, insurance, legal, operating, letter of credit and other expenses of the Borrower actually incurred prior to and during construction; and all such other expenses as may be necessary or incidental to the financing, acquisition, construction or completion of the Mortgaged Property or any part of it, including, but not limited to, the amount of interest expense incurred with respect to the Loan prior to the completion date; insurance premiums payable by the Borrower and taxes and other governmental charges levied on the Mortgaged Property.

“Credit Facility” means the Direct Pay Irrevocable Transferable Credit Enhancement Instrument, dated the BCE Delivery Date, issued by Fannie Mae to the Trustee, as such facility may be amended, supplemented or restated from time to time.

“Credit Facility Account” means the Credit Facility Account of the Revenue Fund.

“Credit Facility Documents” means the Reimbursement Agreement, the Certificate of Borrower, all Collateral Agreements (as that term is defined in the Security Instrument), and all other agreements and documents securing the Credit Provider or otherwise relating to the provision of the Credit Facility, as any such agreement may be amended, supplemented or restated from time to time.

“Credit Provider” means Fannie Mae.

“Delivery Date” means October \_\_, 2025, which is the date of initial issuance and delivery of the Bonds to the initial purchasers thereof against payment therefor.

“Designated Office” of the Trustee or the Loan Servicer means, respectively, the office of the Trustee or the Loan Servicer at the respective address set forth in the Indenture or at such other address as may be specified in writing by the Trustee or the Loan Servicer, as applicable, as provided in the Indenture.

“Dissemination Agent” means U.S. Bank Trust Company, National Association, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“DTC” means The Depository Trust Company and any successor to it or any nominee of it.

“DTC Participant” has the meaning given to that term in the Indenture.

“Electronic Means” means a facsimile transmission or any other electronic means of communication approved in writing by the Credit Provider.

“Event of Default” means, as used in any Transaction Document, any event described in that document as an Event of Default. Any “Event of Default” as described in any Transaction Document is not an “Event of Default” in any other Transaction Document unless that other Transaction Document specifically so provides.

“Excess Funds” means an amount, calculated by a Cash Flow Projection, equal to the excess of (i) the sum of (a) the amounts on deposit in the Series B Interest Account and (b) projected investment income to accrue on amounts on deposit in such account over (ii) the aggregate Series B Bond payments, when due and payable on the Series B Bonds.

“Excluded Bonds” has the meaning given to that term in the Credit Facility.

“Extension Deposit” means the deposit of Available Moneys (a) with respect to the Series A Bonds, as described in the Indenture, and (b) with respect to the Series B Bonds, the amount due, if any, to provide adequate additional funds for the payment of principal and interest due with respect to the Series B Bonds during a Remarketing Period in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture, and which shall be determined by a Cash Flow Projection.

“Extraordinary Items” means, with respect to the Trustee, reasonable compensation for extraordinary services and/or reimbursement for reasonable extraordinary costs and expenses including reasonable fees and expenses of its counsel.

“Fannie Mae” means Federal National Mortgage Association, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors and assigns.

“Fannie Mae Forward Commitment” means the Commitment Letter, dated October \_\_, 2025, from Fannie Mae to Merchants Capital Corp., attached to the Standby Forward Commitment Letter, dated \_\_\_\_, 2025, from Merchants Capital Corp. to the Borrower.

“Financing Agreement” means the Financing Agreement, dated as of October 1, 2025, among the Issuer, the Trustee and the Borrower, as amended, supplemented or restated from time to time.

“Fixed Rate” means the rate or rates of interest borne by the Bonds as set forth in accordance with the Indenture.

“Fund” or “Account” or “Subaccount” means any fund, account or subaccount created by or pursuant to the Indenture.

“Government Obligations” means (i) 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 (ii) 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 (i) or (ii) 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.

“Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted 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 October 1, 2025, as amended, supplemented or restated from time to time.

“Initial Mandatory Tender Date” means, with respect to the Series B Bonds, May 1, 2028\*.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Series B Bonds on such date, as provided in the Indenture, are satisfied.

“Initial Series B Bond Rate” means \_\_\_\_%.

“Interest Account” means the Interest Account of the Revenue Fund.

“Interest Component” has the meaning given that term in the Credit Facility.

“Interest Period” means with respect to the Series B Bonds, initially, the period from the Closing Date to and including May 1, 2026\*, and thereafter, the period commencing on each succeeding Series B Bond Payment Date and ending on the day preceding the next Series B Bond Payment Date.

“Interest Requirement” means, with respect to the Series A Bonds, following the BCE Delivery Date, 183\* days’ interest at the Fixed Rate, computed on the basis of a 360-day year consisting of twelve 30-day months; or such other number of days as may be required by the Rating Agency.

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\* Preliminary; subject to change



“Investment” means any Permitted Investment and any other investment held under the Indenture that does not constitute a Permitted Investment.

“Investment Income” means the earnings, profits and accreted value derived from the investment of moneys pursuant to the Indenture.

“Investor Limited Partner” means MCI Maison’s Sierra II, L.P., an Indiana limited partnership, and its permitted successors and assigns, in its capacity as the investor limited partner of the Borrower.

“Issuer” means the California Municipal Finance Authority, and its successors and assigns.

“Issuer Documents” means the Assignment, the Bonds, the Financing Agreement, the Indenture, the Loan Documents to which the Issuer is a party, the Regulatory Agreement and the Tax Certificate.

“Letter of Representations” means when all the Bonds of a series are Book-Entry Bonds, the Blanket Letter of Representations executed by the Issuer and delivered to the Securities Depository, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Loan” means the loan made by the Issuer to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to finance the acquisition, construction and equipping of the Mortgaged Property.

“Loan Documents” means, collectively, the Note, the Financing Agreement (prior to the BCE Delivery Date), and from and after the BCE Delivery Date, the Security Instrument, and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Neither the Financing Agreement (from and after the BCE Delivery Date) nor the Regulatory Agreement is a Loan Document, and neither document is secured by the Security Instrument.

“Loan Servicer” means the multifamily mortgage loan servicer designated from time to time by the Credit Provider, with the initial Loan Servicer being Merchants Capital Corp.

“Local Time” means Pacific Time (daylight or standard, as applicable) in Lancaster (Los Angeles County), California.

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

“Maturity Date” means the stated maturity date of any Bond.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“Mortgaged Property” means the real property described in the Security Instrument, together with all improvements, fixtures and personal property (to the extent of the Borrower’s interest therein) and located on such real property.

“Negative Arbitrage Deposit” means individually or collectively, as applicable, the Series A Negative Arbitrage Deposit and the Series B Negative Arbitrage Deposit.

“Net Bond Proceeds” means the total proceeds derived from the issuance, sale and delivery of the Bonds, representing the total purchase price of the Bonds, including any premium paid as part of the purchase price of the Bonds, but excluding the accrued interest, if any, on the Bonds paid by the initial purchaser(s) of the Bonds.

“Note” means, collectively, the Series A Note and the Series B Note.

“Opinion of Counsel” means a written opinion of legal counsel, acceptable to the recipient(s) of such opinion. If the opinion is with respect to an interpretation of federal tax laws or regulations or bankruptcy matters, such legal counsel also must be an attorney or firm of attorneys experienced in such matters.

“Optional Redemption Date” means any date the Bonds are subject to optional redemption pursuant to the Indenture.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of Outstanding Bonds is to be determined, all Bonds which have been authenticated and delivered under the Indenture except:

- (a) Bonds cancelled or delivered for cancellation at or prior to such date;
- (b) Bonds deemed to be paid in accordance with the Indenture; and
- (c) Bonds in lieu of which others have been authenticated under the Indenture.

In determining whether the owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned or held by or for the account of the Borrower will be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are owned or held by or for the account of the Borrower. In determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which are registered in the name of or known by the Trustee to be held for the account of the Borrower will be disregarded.

“Payment Date” means the Series A Bond Payment Date and the Series B Bond Payment Date, as applicable.

“Permitted Investments” means, subject to the provisions of the Indenture, any of the following obligations which 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:

- (a) Government Obligations; and
- (b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and

receives reasonable compensation therefor 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.

“Person” means a natural person, estate, trust, corporation, partnership, limited liability company, association, public body or any other organization or entity (whether governmental or private).

“Potential Default” means, as used in any Transaction Document, any event that has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default as described in that document. Any “Potential Default” as described in any Transaction Document is not a “Potential Default” in any other Transaction Document unless that other Transaction Document specifically so provides.

“Preference Claim” has the meaning given that term in the Indenture.

“Principal Amount” means \$31,600,000\*, the aggregate principal amount of the Bonds on the Closing Date.

“Principal Component” has the meaning given that term in the Credit Facility.

“Principal Portion” has the meaning given that term in the Credit Facility.

“Project” means the 171-unit (including two manager’s units) multifamily rental housing development to be located within the City of Lancaster, California to be known as Maison’s Sierra II.

“Project Account” means, individually and collectively as the context may dictate, the Series A Project Account and the Series B Project Account of the Bond Proceeds Fund.

“Rating Agency” means Moody’s, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the Bonds.

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

“Rebate Analyst” means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, (ii) chosen by the Borrower and (iii) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“Rebate Fund” means the Rebate Fund created under the Indenture.

“Record Date” means, (i) with respect to any Series A Bond Payment Date, the first day of the month preceding that Series A Bond Payment Date and (ii) with respect to any Series B Bond Payment Date, the 15th day of the calendar month immediately preceding each Series B Bond Payment Date.

“Redemption Date” means any date upon which Bonds are to be redeemed pursuant to the Indenture.

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\* Preliminary; subject to change

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Mortgaged Property, dated as of the Closing Date, by and among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of the first day of the month in which the BCE Delivery Date occurs, between the Credit Provider and the Borrower, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Agent” means, initially, Stifel, Nicolaus & Company, Incorporated and thereafter any successor Remarketing Agent (which meets the requirements of the Indenture) that may be appointed by the Borrower.

“Remarketing Agent’s Fee” means the fee of the Remarketing Agent for its remarketing services. The Remarketing Agent’s Fee shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“Remarketing Agreement” means the Remarketing Agreement, dated as of October 1, 2025, 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 Series B 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 Series B Bonds, the day after the last day of the Remarketing Period.

“Remarketing Expense Account” means the Remarketing Expense Account within the Costs of Issuance Fund created in the Indenture.

“Remarketing Expenses” means the costs and expenses, other than those set forth in the Financing Agreement, incurred by the Trustee and its counsel, the Remarketing Agent and its counsel and the Dissemination Agent in connection with the remarketing of the Series B Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, the cost of any Cash Flow Projections or other verification reports, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Series B Bonds as certified to the Trustee by the Remarketing Agent in writing.

“Remarketing Notice Parties” means the Borrower, the Issuer, the Trustee, the Remarketing Agent, the Investor Limited Partner, the Construction Lender and the Loan Servicer.

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Series B Bonds are remarketed pursuant to the Indenture or the final Series B Bond Maturity Date of the Series B Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Revenue Fund created in the Indenture.

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

“Replacement Credit Facility” has the meaning given to that term in the Indenture.

“Reserved Rights” means those certain rights of the Issuer under the Financing Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Mortgaged Property, its right to collect attorneys’ fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement relating to the Reserved Rights.

“Revenue Fund” means the Revenue Fund created by the Indenture.

“Revenues” means all (i) payments made under the Credit Facility, (ii) Investment Income (excluding Investment Income earned from moneys on deposit in the Rebate Fund and the Costs of Issuance Fund, but including Investment Income earned on Net Bond Proceeds deposited into the Costs of Issuance Fund and Investment Income on such Investment Income) and (iii) payments made under the Note (including without limitation prepayments, insurance proceeds and condemnation proceeds).

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

“Securities Depository” means, initially, DTC and any replacement securities depository appointed under the Indenture.

“Security” means the Trust Estate and, following the BCE Delivery Date, the Credit Facility.

“Security Instrument” means, following the BCE Delivery Date, the Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the BCE Delivery Date, together with all riders and exhibits, securing the Note and the obligations of the Borrower to the Credit Provider under the Credit Facility Documents, to be executed by the Borrower with respect to the Mortgaged Property, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

“Series A Bond Maturity Date” means November 1, 2043\*.

“Series A Bond Payment Date” means (i) May 1 and November 1 of each year, beginning on May 1, 2026\*, (ii) each Mandatory Redemption Date described in the Indenture, (iii) the Series A Bond Maturity Date and (iv) the date of acceleration of the Series A Bonds.

“Series A Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025A in the aggregate principal amount of \$26,510,000\* authorized under, secured by and issued pursuant to the Indenture.

“Series A Collateral Fund Account” means the Series A Collateral Fund Account of the Collateral Fund created pursuant to the Indenture.

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\* Preliminary; subject to change.

“Series A Interest Account” means the Series A Interest Account of the Revenue Fund created pursuant to the Indenture.

“Series A Negative Arbitrage Deposit” means Available Moneys in the amount of \$ \_\_\_\_\_ to be deposited on the Closing Date into the Series A Interest Account and as otherwise set forth in the Indenture.

“Series A Note” means, with respect to the Series A Bonds, the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Series A Project Account” means the Series A Project Account of the Bond Proceeds Fund created pursuant to the Indenture.

“Series A Redemption Account” means the Series A Redemption Account of the Revenue Fund created pursuant to the Indenture.

“Series A Tax Certificate” means the Tax Certificate and Agreement related to the Series A Bonds, dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, supplemented or restated from time to time.

“Series B Bond Maturity Date” means May 1, 2029\*.

“Series B Bond Payment Date” means (i) May 1 and November 1 of each year, beginning on May 1, 2026\*, (ii) each Mandatory Redemption Date described in the Indenture, (iii) each Mandatory Tender Date, (iv) the Series B Bond Maturity Date and (v) the date of acceleration of the Series B Bonds.

“Series B Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025 B in the aggregate principal amount of \$5,090,000\* authorized under, secured by and issued pursuant to the Indenture.

“Series B Collateral Fund Account” means the Series B Collateral Fund Account of the Collateral Fund created pursuant to the Indenture.

“Series B Interest Account” means the Series B Interest Account of the Revenue Fund created pursuant to the Indenture.

“Series B Negative Arbitrage Deposit” means Available Moneys in the amount of \$ \_\_\_\_\_ to be deposited on the Closing Date into the Series B Interest Account and as otherwise set forth in the Indenture.

“Series B Note” means, with respect to the Series B Bonds, the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Series B Project Account” means the Series B Project Account of the Bond Proceeds Fund created pursuant to the Indenture.

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\* Preliminary, subject to change.

“Series B Tax Certificate” means the Tax Certificate and Agreement related to the Series B Bonds, dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, supplemented or restated from time to time.

“Sinking Fund Payment” means, as of any particular date of calculation, the amount required to be paid by the Issuer on a single future date for the retirement of Outstanding Series A Bonds which mature after such future date, but excluding any amount payable by the Issuer by reason of the maturity of a Series A Bond or by optional redemption at the election of the Issuer.

“Sinking Fund Payment Date” means any date on which any Series A Bond matures or is subject to redemption through the application of Sinking Fund Payments as set out in a Sinking Fund Schedule.

“Sinking Fund Schedule” means a schedule of principal amounts of Bonds to mature or be subject to redemption through the application of Sinking Fund Payments on the specified dates and/or a schedule of principal amounts of Bonds maturing as serial Bonds. The Sinking Fund Schedule for the Bonds is set forth in the Indenture.

“State” means the State of California.

“Tax Certificate” means, collectively, the Series A Tax Certificate and the Series B Tax Certificate.

“Tax Event” has the meaning given to that term under the Indenture.

“Third Party Fees” means payments made by the Borrower attributable to the Third Party Fees as set forth in the Financing Agreement.

“Transaction Documents” means the Bond Documents, the Loan Documents and the Credit Facility Documents.

“Trust Estate” shall have the meaning given to such term in the preambles to the Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association, duly organized and existing under the laws of the United States of America, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Trustee’s Annual Fee” means (i) the one-time acceptance fee of the Trustee in the amount of \$2,500, payable on the Closing Date, and (ii) the annual continuing trust administration fee of the Trustee in the amount of \$4,500 allocable to the Series A Bonds and \$1,500 per year allocable to the Series B Bonds, computed and payable annually in advance on the Closing Date and thereafter on each November 1.

“UCC” means the Uniform Commercial Code of the State as in effect now or in the future, whether or not such Uniform Commercial Code is applicable to the parties or the transactions.

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

“Wrongful Dishonor” means an uncured failure by the Credit Provider to make an Advance to the Trustee upon proper presentation of documents which conform to the terms and conditions of the Credit Facility.

## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

#### **Funds and Accounts**

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

- (a) the Bond Proceeds Fund and within the Bond Proceeds Fund, the Series A Project Account and the Series B Project Account;
- (b) the Revenue Fund and within the Revenue Fund, the Series A Interest Account, the Series A Principal Account, the Series A Credit Facility Account, the Series A Redemption Account, the Series B Interest Account and the Series B Remarketing Proceeds Account;
- (c) the Collateral Fund, including therein (i) a Series A Collateral Fund Account and (ii) a Series B Collateral Fund Account;
- (d) the Costs of Issuance Fund and within the Costs of Issuance Fund, the Remarketing Expense Account; and
- (d) the Rebate Fund.

The funds and accounts established pursuant to the Indenture shall be maintained in the corporate trust department of the Trustee as segregated trust accounts, separate and identifiable from all other funds held by the Trustee. The Trustee shall, at the written direction of an Authorized Officer of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted under the Indenture.



## **Bond Proceeds Fund**

Amounts on deposit in the Bond Proceeds Fund shall be disbursed by the Trustee to fund the Loan upon satisfaction of the conditions to delivery of the Bonds as provided in the Indenture.

(a) Disbursements from the Project Account. The Trustee shall disburse amounts on deposit in the applicable Project Account as provided in this subsection for the sole purpose of paying Project Costs.

(1) Requisitions. Except as otherwise set forth in the Indenture, upon (a) deposit of Available Moneys into the applicable Account of the Collateral Fund, if any, as provided in the Indenture, (b) delivery of a corresponding requisition executed by an Authorized Borrower Representative (and approved by the Construction Lender or other provider of such Available Moneys) in the form attached to the Indenture as an exhibit and (c) subject to the provisions of the Indenture, the Trustee shall disburse proceeds of the Series A Bonds or Series B Bonds, as applicable, in an amount equal to such corresponding deposit made into the applicable Account of the Collateral Fund to fund Project Costs pursuant to such requisition. Prior to making any such disbursement from the applicable Account of the Bond Proceeds Fund, the Trustee shall confirm that, with respect to each of the Series A Bonds and the Series B Bonds, as applicable, the aggregate principal amount that will be held in both (a) the applicable Account of the Collateral Fund and (b) the applicable Account of the Bond Proceeds Fund, after the requested disbursement, and, with respect to the Series B Project Account, any transfer permitted at Closing under the Indenture, will at least equal the Outstanding principal amount of the Series A Bonds and the Series B Bonds, as applicable. Notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than (1) as permitted pursuant to the Indenture and (2) to pay amounts due on the Bonds in connection with a redemption pursuant to the Indenture), unless and until Available Moneys in an amount equal to or greater than the requested disbursement amount have been deposited into the applicable Account of the Collateral Fund; provided, however, that the Trustee shall transfer funds from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes. To the extent money on deposit in the applicable Account of the Bond Proceeds Fund is invested in Permitted Investments that have not yet matured, the Trustee is authorized to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the applicable Account of the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Permitted Investments prior to their stated maturity date: (i) sell all or a portion of the Permitted Investments in the applicable Account of the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the applicable Account of the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the applicable Account of the Collateral Fund to the applicable Account of the Bond Proceeds Fund representing proceeds of the Series A Bonds or Series B Bonds, as applicable, as the purchase price thereof.

Upon the satisfaction of the provisions set forth in this section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the applicable Account of the Bond Proceeds Fund equal to the amount deposited to the applicable Account of the Collateral Fund, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited into the

applicable Account of the Collateral Fund, within one Business Day of receipt of such deposit, to the party that made such deposit as set forth in the requisition.

After the Closing Date, no additional amounts shall be disbursed from the Bond Proceeds Fund except in accordance with this section.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the applicable Account of the Revenue Fund, the applicable Account of the Collateral Fund or the Series A Interest Account or Series B Interest Account, as applicable, the Trustee shall transfer from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Revenue Fund sufficient money to pay amounts due on the Series A Bonds or Series B Bonds, as applicable, pursuant to the Indenture.

In the event that, following receipt of an advance of the Construction Loan by the Construction Lender to be deposited into the Collateral Fund (a “Collateral Deposit”), the Trustee determines that it cannot correspondingly disburse Bond proceeds to or at the direction of the Borrower or the Construction Lender, the Trustee shall immediately notify the Borrower and the Construction Lender, as applicable, of the reason for such determination and shall, immediately upon the request of the Construction Lender, return the subject Collateral Deposit to the Construction Lender.

(2) Timing. If a Requisition signed by the Authorized Borrower Representative and countersigned by the Construction Lender (or other provider of Available Moneys) is received by the Trustee by noon Local Time on any given Business Day, the Trustee shall pay the requested disbursement no later than the following Business Day (for this purpose, including in the definition of “Business Day” only clauses (a) and (c) of such definition), or, if an Investment Agreement is in effect with respect to such funds, the following Business Day after funds are received by the Trustee from the provider of the relevant Investment Agreement. If a Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Loan Servicer Representative is received by the Trustee after noon Local Time on any given Business Day, the Trustee shall pay the requested disbursement within three of the above counted Business Days. Upon final disbursement of all amounts on deposit in the Bond Proceeds Fund, the Trustee shall close the Bond Proceeds Fund.

(b) Transfers to Effect Certain Mandatory Redemptions of Bonds.

(1) Excess Series A Bond Proceeds. From time to time, the Trustee shall transfer to the Series A Redemption Account such amounts remaining, if any, on deposit in the Series A Account of the Bond Proceeds Fund, excluding from such transfer, however, any amount the Loan Servicer determines are required to pay Costs of the Project which are then not yet due and payable or which are then being contested in good faith. The Trustee shall apply any amounts so transferred to the redemption of Bonds pursuant to the Indenture.

(2) Certain Other Mandatory Redemptions. Immediately prior to any mandatory redemption of the Bonds in whole pursuant to the Indenture, any amounts then remaining in the Series A Project Account shall, at the written direction of the Credit Provider, be transferred to the Series A Redemption Account to be applied to the redemption of Series A Bonds pursuant to the applicable provision.

## Revenue Fund — Interest Account and Principal Account

**Interest Account.** Deposits into, and disbursements from, the applicable Interest Account shall occur as follows:

(1) ***Deposits into the Interest Account.*** The Trustee shall deposit each of the following amounts into the Interest Account:

(A) Available Moneys provided by or on behalf of the Borrower relating to an interest payment under the Note;

(B) Available Moneys provided by or on behalf of the Borrower relating to interest paid in connection with the prepayment of the Loan;

(C) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Rebate Fund and the Costs of Issuance Fund shall be credited to and retained in those respective Funds or Accounts); and

(D) any Available Moneys made available for deposit into the Interest Account from any other source.

(2) ***Disbursements from the Interest Account.*** The Trustee shall disburse or transfer, as applicable, moneys on deposit in the applicable Interest Account at the following times and apply such moneys in the following manner and in the following order of priority, pursuant to instructions on file with the Trustee:

(A) On each Payment Date, Redemption Date and any date of acceleration of the Bonds, the Trustee shall disburse (i) to the Credit Provider (but only following the BCE Delivery Date), the amount of the Interest Component of any Advance under the Credit Facility for the payment of interest on the Bonds or (ii) in the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, to the Bondholders, an amount equal to the interest due on the Bonds on such date;

(B) If the Credit Provider or the Loan Servicer (but only following the BCE Delivery Date) gives a written notice to the Trustee at any time to the effect that there is any unreimbursed Advance under the Credit Facility or any other amount required to be paid by the Borrower to the Credit Provider under the Loan Documents, the Bond Documents or the Credit Facility Documents remains unpaid, then the Trustee shall transfer any Investment Income earned on the Interest Account and any Investment Income transferred to the Interest Account from any other Fund or Account from and after the preceding Payment Date or the Closing Date, as applicable, to the Credit Provider but not in an amount which exceeds the amount stated as unpaid by the Credit Provider or the Loan Servicer, as the case may be, in its notice to the Trustee; and

(C) Unless there is (i) a deficiency in the Series A Principal Account or the Rebate Fund or (ii) other than as described in paragraph (B) above, an Event of Default under the Reimbursement Agreement or any Bond Document or a default under any Loan Document has occurred and is continuing, on each Series A Bond Payment Date the Trustee shall disburse to the Borrower the Investment Income in excess of \$20,000 earned on, or otherwise on deposit in, the Series A Interest Account from and after the preceding Series A Bond Payment Date or the Closing Date, as applicable. If a deficiency exists in

the Series A Principal Account or the Rebate Fund, such Investment Income shall be transferred to the Series A Principal Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

(D) The Trustee is authorized to release Excess Funds from the Series B Interest Account to or upon the direction of the Borrower, upon receipt by the Trustee of (1) a written notice from the Borrower to the Trustee to release such Excess Funds, and (2) a Cash Flow Projection acceptable to the Rating Agency and prepared in accordance with the terms of the Indenture.

***Series A Principal Account.*** Deposits into, and disbursements from, the Series A Principal Account shall occur as follows:

(1) **Deposits into the Series A Principal Account.** The Trustee shall deposit each of the following amounts into the Series A Principal Account:

(A) moneys provided by or on behalf of the Borrower relating to a principal payment under the Note if such moneys have not otherwise been remitted to the Credit Provider; and

(B) any other moneys made available for deposit into the Series A Principal Account from any other source.

(2) **Disbursements from the Series A Principal Account.** On each Maturity Date, Sinking Fund Payment Date, Redemption Date and any date of acceleration of the Series A Bonds (but only following the BCE Delivery Date), the Trustee shall disburse, pursuant to instructions on file with the Trustee, (i) to the Credit Provider, if not otherwise remitted to the Credit Provider, the amount of the Principal Component of any Advance under the Credit Facility for the payment of principal on the Bonds or (ii) in the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, to the Series A Redemption Account, an amount equal to the principal due on the Series A Bonds on such date.

#### **Revenue Fund — Series A Redemption Account**

***Deposits into the Series A Redemption Account Following BCE Delivery Date.*** The Trustee shall deposit each of the following amounts into the Series A Redemption Account:

(1) Available Moneys provided by or on behalf of the Borrower to fund the premium payable on Bonds in connection with a redemption of such Bonds, which amounts shall be held in a segregated subaccount in the Series A Redemption Account;

(2) moneys, if any, transferred from the Bond Proceeds Fund pursuant to paragraph (b) under heading “Loan Fund” above;

(3) moneys provided by or on behalf of the Borrower relating to a principal payment, including any prepayment under the Note;

(4) moneys transferred from the Series A Principal Account pursuant to the Indenture; and

(5) any other amount received by the Trustee and required by the terms of the Indenture or the Financing Agreement to be deposited into the Series A Redemption Account.

***Disbursements from the Series A Redemption Account Following BCE Delivery Date.*** On each Redemption Date, date of acceleration of the Series A Bonds and the Series A Bond Maturity Date, the Trustee shall disburse from the Series A Redemption Account (i) to the Credit Provider, the amount of the Principal Component of any Advance under the Credit Facility for the payment of principal on the Bonds or (ii) in the event of a Wrongful Dishonor, to the Bondholders, an amount equal to the principal due on or Principal Component of the redemption price of the Bonds on such date. In addition, on any date on which premium payable on Bonds in connection with a redemption of such Bonds is due, the Trustee shall disburse to the Bondholders, from the segregated subaccount in the Series A Redemption Account, Available Moneys in an amount sufficient to pay such premium.

***Disbursements from the Series A Redemption Account for Sinking Fund Payments.***

(1) **Application of Moneys.** Provided that no notice of optional redemption has been sent to Bondholders on or prior to the 30th day preceding a Sinking Fund Payment Date, at the written instruction of the Issuer (acting through an Authorized Officer), at the direction of the Borrower and with the prior written consent of the Credit Provider, the Trustee shall apply any Available Moneys accumulated in the Series A Redemption Account on or prior to the 30th day preceding such Sinking Fund Payment Date to the purchase of Series A Bonds of the maturity for which such Sinking Fund Payment was established at prices (including any brokerage and other charges) not exceeding the redemption price for such Bonds plus accrued and unpaid interest to the date of purchase, such purchase to be made in such manner as the Trustee (after consultation with the Issuer, the Borrower and the Credit Provider) determines. The Borrower shall provide a copy of such direction to the Loan Servicer concurrently with delivery to the Trustee.

(2) **Credit Toward Sinking Fund Payment.** Upon the purchase of any Series A Bond pursuant to paragraph (1) under heading “Revenue Fund – Redemption Account – Disbursements from the Redemption Account for Sinking Fund Payments” above, all such Series A Bonds will be cancelled by the Trustee and an amount equal to the principal amount of the Series A Bonds so purchased will be credited toward the Sinking Fund Payment next due with respect to the Series A Bonds of such maturity. In the event the Trustee is able to purchase Series A Bonds at a price less than the redemption price at which such Series A Bonds were to be redeemed, then, presuming no notice of redemption has been sent to Bondholders, after payment by the Trustee of the purchase price of such Series A Bonds and after payment of any other amounts due on the due date of such Sinking Fund Payment, the Trustee shall pay an amount not greater than the difference between the amount of such purchase price and the amount of such redemption price to, or at the direction of, the Borrower.

(3) **Redemption.** As soon as practicable after the 30<sup>th</sup> day preceding the due date of any such Sinking Fund Payment, and otherwise as provided in the Indenture, the Trustee shall give notice of redemption of Series A Bonds in such amount as is necessary to complete the retirement of a principal amount of Series A Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall call such Series A Bonds for redemption whether or not it then has moneys in the Series A Redemption Account sufficient to pay the applicable redemption price of the Series A Bonds to be redeemed on the Redemption Date. The Trustee shall pay the amount required for the redemption of the Series A Bonds so called for redemption from the Funds specified in the Indenture, in the order of priority indicated, and such amount will be applied by the Trustee to such redemption.

## **Revenue Fund — Credit Facility Account**

***Deposits into the Credit Facility Account.*** The Trustee shall deposit into the Credit Facility Account all Advances under the Credit Facility, and no other moneys will be deposited into the Credit Facility Account. The Credit Facility Account shall be maintained as a segregated account, and moneys therein shall not be co-mingled with any other moneys held under the Indenture. The Credit Facility Account shall be closed at such time as the Credit Provider has no continuing liability under the Credit Facility.

***Transfers from the Credit Facility Account.*** The Trustee shall cause amounts deposited into the Credit Facility Account to be applied on the date payment is due to the payments for which the Advance was made pursuant to the Credit Facility. In no event shall amounts in the Credit Facility Account be applied to the payment of principal of and interest and any premium on any Series A Bonds known by the Trustee to be held or beneficially owned by the Borrower or any Affiliate of the Borrower. Any amounts remaining in the Credit Facility Account after making the payment for which the Advance was made pursuant to the Credit Facility shall be immediately refunded to the Credit Provider.

## **Costs of Issuance Fund**

***Deposits into the Costs of Issuance Fund.*** On or before the Closing Date the Borrower shall deliver the Costs of Issuance Deposit to the Trustee. On the Closing Date, the Trustee shall deposit or transfer, as applicable, the Costs of Issuance Deposit into the Costs of Issuance Fund.

***Disbursements from the Costs of Issuance Fund.*** The Trustee shall disburse moneys on deposit in the Costs of Issuance Fund, pursuant to requisitions in the form of an exhibit attached to the Indenture, signed by an Authorized Borrower Representative, to pay Costs of Issuance. The Trustee may conclusively rely on such requisitions for purposes of making such disbursements. Moneys on deposit in the Costs of Issuance Fund shall not be part of the Trust Estate and will be used solely to pay Costs of Issuance.

***Disposition of Remaining Amounts.*** Any moneys remaining in the Costs of Issuance Fund six months after the Closing Date and not needed to pay still unpaid Costs of Issuance will be returned to the Borrower. Upon final disbursement, the Trustee shall close the Costs of Issuance Fund.

***Costs of Remarketing.*** Any funds received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture designated in writing for the payment of Remarketing Expenses shall be deposited into the Remarketing Expense Account of the Costs of Issuance Fund. The Trustee shall apply money on deposit in the Remarketing Expense Account solely for the purpose of paying Remarketing Expenses. To the extent money in the Remarketing Expense Account is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to the Financing Agreement immediately upon written demand.

## **Rebate Fund**

The Trustee shall hold and apply the Rebate Fund as provided in the Tax Certificate. Within 30 days after the end of every fifth Bond Year (as defined in the Tax Certificate), and within 55 days after the date on which no Bonds are Outstanding, the Borrower or the Trustee shall cause the Rebate Analyst to deliver to the Trustee and the Issuer a certificate stating whether any rebate payment is required to be made, as set forth in the Tax Certificate, and the Borrower shall deliver to the Trustee any amount so required to be paid. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and payment and satisfaction of any requirements for the payment of rebate under the Tax Certificate, if any, shall be remitted to the Borrower. Any provisions in the Indenture to the contrary notwithstanding, amounts

credited to the Rebate Fund shall be free and clear of any lien under the Indenture. The Issuer and the Trustee will observe the covenants contained in the Tax Certificate as if fully set forth in the Indenture.

### **Collateral Fund**

The Trustee shall deposit into the Series A Collateral Fund Account of the Collateral Fund, all Available Moneys received pursuant to the Financing Agreement designated for deposit into the Series A Collateral Fund Account and any other Available Moneys received by the Trustee for deposit into the Series A Collateral Fund Account. The Trustee shall deposit into the Series B Collateral Fund Account of the Collateral Fund, all Available Moneys received pursuant to the Financing Agreement designated for deposit into the Series B Collateral Fund Account and any other Available Moneys received by the Trustee for deposit into the Series B Collateral Fund Account. Except (i) as permitted under the Indenture, the Financing Agreement requires the Borrower to cause Available Moneys to be paid to the Trustee for deposit into the applicable Account of the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Series A Bond proceeds and Series B Bond proceeds, as applicable, on deposit in the applicable Account of the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Subject to the provisions of the Indenture, (i) prior to the BCE Delivery Date, each deposit into the Series A Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series A Bonds, and (ii) each deposit into the Series B Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series B Bonds.

Prior to the BCE Delivery Date, money in the Collateral Fund shall be used by the Trustee as follows: to the extent money is not otherwise available, the Trustee shall transfer from the applicable Account of the Collateral Fund to the applicable Account of the Revenue Fund an amount necessary to pay amounts due on the applicable Bonds in connection with a redemption pursuant to the Indenture. To the extent that any Series B Bond remains outstanding after the BCE Delivery Date, money in the Series B Collateral Fund Account shall be used by the Trustee as follows: to the extent money is not otherwise available, the Trustee shall transfer from the Series B Collateral Account of the Collateral Fund to the Series B Revenue Account of the Revenue Fund in an amount necessary to pay amounts due on the Series B Bonds in connection with a redemption pursuant to the Indenture.

Prior to the BCE Delivery 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 applicable Subaccount of the Collateral Fund is transferred to the applicable Subaccount of the Revenue 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.

### **Application of Funds on BCE Delivery Date**

On the BCE Delivery Date, the Trustee shall transfer to the Construction Lender, as partial repayment of the Construction Loan, an amount equal to the aggregate principal amount of the Series A Bonds (from amounts on deposit in the Series A Collateral Fund Account and, to the extent sufficient funds are not otherwise available in the Series A Collateral Fund Account, from the Series A Project Account).

### **Nonpresentment of Bonds**

In the event any Bond is not presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have

remained unclaimed for two years after such principal has become due and payable, such amounts, to the extent amounts are owed to the Credit Provider as set forth in a written statement of the Credit Provider addressed to the Trustee, will be paid to the Credit Provider, with any excess to be paid to the Borrower. Upon such payment, all liability of the Issuer and the Trustee to the holder of any Bond for the payment of such Bond will cease and be completely discharged. The obligation of the Trustee described under this paragraph to pay any such amounts to the Credit Provider or the Borrower will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

## **Permitted Investments; Investment Limitations**

***Permitted Investments Generally.*** The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds and Accounts under the Indenture shall be invested by the Trustee at the written direction or telephonic direction (promptly confirmed in writing) of the Borrower in Permitted Investments which, except as otherwise provided in this section, mature or are redeemable at par without penalty on or before the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary except as otherwise set forth in this sentence, all amounts in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be invested solely in Permitted Investments; provided, however, that following the BCE Delivery Date, payments received with respect to the Credit Facility shall be held uninvested. All Investment Income from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the applicable Account of the Revenue Fund. If the Trustee does not receive written direction or telephonic directions (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee shall invest solely in Permitted Investments described in clause (b) of the definition of Permitted Investments in the Indenture, which shall mature or be redeemable at par without penalty at the times set forth in this section. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

### ***Certain Limitations on Permitted Investments.***

(1) Following the BCE Delivery Date, the Interest Account and Series A Principal Account shall be invested only in investments described in paragraph (a) of the definition of Permitted Investments;

(2) Following the BCE Delivery Date, the Series A Redemption Account shall be invested only in investments described in paragraph (a) of the definition of Permitted Investments, with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that such moneys are anticipated to be required for redemption; and

(3) Following the BCE Delivery Date, the Credit Facility Account shall be held uninvested.

***Selection of Permitted Investments.*** Subject to the provisions described immediately above, the Borrower may select all Permitted Investments by written direction to the Trustee; but if the Borrower fails to provide direction to the Trustee, the Trustee shall invest such moneys in investments described in paragraph (h) of the definition of Permitted Investments or, in the case of the Series A Redemption Account, in investments described in paragraph (a) of the definition of Permitted Investments, or, in the case of the Credit Facility Account, shall hold the moneys uninvested.

***Investment Income.*** Permitted Investments representing an investment of money attributable to any Fund or Account shall be deemed at all times to be a part of said Fund or Account. All Investment



Income from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the applicable Account of the Revenue Fund. Subject to the following sentence, investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. With respect to the Series A Bonds, prior to the BCE Delivery Date, at the direction of the Borrower, the Trustee is permitted to invest in Permitted Investments that mature on or before the BCE Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Eligible Investment prior to maturity at a price below par without first receiving (i) a Cash Flow Projection and (ii) Available Moneys, if any, as set forth in the Cash Flow Projection. With respect to the Series B Bonds, prior to the Initial Mandatory Tender Date, at the direction of the Borrower, the Trustee is permitted to invest in Permitted Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investment prior to maturity at a price below par without first receiving (i) a Cash Flow Projection and (ii) Available Moneys, if any, as set forth in the Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Permitted Investments with a Cash Flow Projection. Notwithstanding anything in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Permitted Investments purchased for the purpose of paying debt service on the Bonds shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Permitted Investments.

***Trustee's Authority and Responsibilities.*** All Permitted Investments shall be made by the Trustee in its name, as Trustee, and shall be held by or under the control of the Trustee. The Trustee shall take such actions as shall be necessary to assure that Permitted Investments purchased by it under the Indenture are held pursuant to the terms of the Indenture and are subject to the trusts and security interests created in the Indenture. The Trustee is authorized to sell and reduce to cash a sufficient amount of Permitted Investments whenever the cash balance is or will be insufficient to make a requested or required disbursement. The Trustee shall not be accountable for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations under the Indenture in accordance with the terms of the Indenture. The Trustee may trade with itself and its Affiliates in the purchase and sale of securities for investments, and may transact purchases and sales through its investment department or through its Affiliates. The Trustee and its Affiliates may act as principal, agent, sponsor, advisor or depository with respect to any investments. In computing the amount in any Fund or Account, Permitted Investments if purchased at par shall be valued at principal cost plus accrued interest, or, if purchased at other than par, at principal cost plus amortized discount or less amortized premium (amortization to be on a straight-line basis to the date of stated maturity without regard to redemptions or repayments of principal which may occur prior to maturity) plus accrued interest. The Issuer (and the Borrower by its execution of the Financing Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower specifically waive receipt of such confirmations to the extent permitted by law and agree to receive periodic transaction statements that detail all investment transactions.

### **Limitations on Liability**

Notwithstanding any other provision of the Indenture to the contrary:

(a) The obligations of the Issuer with respect to the Bonds are not general obligations of the Issuer but are special, limited obligations of the Issuer payable by the Issuer solely from the Security.

(b) Nothing contained in the Bonds or in the Indenture shall be considered as assigning or pledging any funds or assets of the Issuer other than the Trust Estate.

(c) The Bonds are not and will not be a debt of the State, the Issuer or of any other political subdivision of the State, and neither the State, the Issuer nor any other political subdivision of the State is or will be liable for the payment of the Bonds.

(d) Neither the faith and credit of the Issuer, the State nor of any other political subdivision of the State are pledged to the payment of the principal of and interest and any premium on the Bonds.

(e) No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the Mortgaged Property, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other charges except to the extent that the same can be paid or recovered from the Trust Estate.

(f) The Issuer shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes of the Indenture, any of the other Bond Documents or any of the Loan Documents, whether for the payment of the principal or redemption price of, or interest on, the Bonds, the payment of Third Party Fees or administrative expenses or otherwise.

## **Credit Facility**

***Acceptance of the Credit Facility.*** The Trustee shall hold the Credit Facility and shall enforce in its name all rights of the Trustee and all obligations of the Credit Provider under the Credit Facility for the benefit of the Bondholders. The Trustee shall not assign or transfer the Credit Facility except to a successor Trustee under the Indenture. The Issuer and the Trustee acknowledge that the obligations of Fannie Mae as the Credit Provider under the initial Credit Facility are not backed by the full faith and credit of the United States of America, but by the credit of Fannie Mae, a federally chartered corporation. Upon delivery of the Credit Facility, the Loan Servicer shall cause to be provided to the Rating Agency a copy of the Credit Facility acceptable to the Rating Agency and a revised Cash Flow Projection, as applicable.

***Requests for Advances Under Credit Facility.*** The Trustee shall request Advances under the Credit Facility in accordance with its terms and cause the proceeds of each Advance to be applied so that full and timely payments are made on each date following the BCE Delivery Date on which payment of principal, interest or purchase price is due on any Series A Bond. The Trustee shall not request, and shall not apply the proceeds of, any Advance to pay (i) principal of, interest on or the purchase price of, any Series A Bond known by the Trustee to be held or beneficially owned by the Borrower or any Affiliate of the Borrower, (ii) premium that may be payable upon the redemption of any of the Series A Bonds or (iii) interest that may accrue on any of the Series A Bonds on or after the maturity of such Series A Bond. Prior to requesting an Advance to pay principal of or interest on the Series A Bonds on a Series A Bond Payment Date, the Trustee shall determine the amount necessary to make such payment of principal or interest.

***Limitations on Rights of Credit Provider.*** Notwithstanding anything contained in the Indenture to the contrary, all provisions in the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned in such provisions (i) if a Wrongful Dishonor has occurred and is

continuing, or (ii) after the Credit Facility ceases to be valid and binding on the Credit Provider for any reason, or is declared to be null and void by final judgment of a court of competent jurisdiction; provided, however, that the Credit Provider's right to notices and the payment of amounts due to the Credit Provider shall continue in full force and effect. The foregoing provisions of this section shall not affect any other rights of the Credit Provider.

***References to Credit Provider When No Credit Facility Is In Effect.*** All provisions of the Indenture relating to the rights of the Credit Provider shall be of no force and effect if both: (i) there is no Credit Facility in effect; and (ii) all amounts owing to the Credit Provider under the Credit Facility Documents have been paid. In such event, all references to the Credit Provider shall have no force or effect.

***Certain Notices to the Credit Provider and the Loan Servicer.*** The Trustee and Issuer shall promptly notify the Credit Provider and the Loan Servicer of any of the following as to which it has actual knowledge: (i) the occurrence of any Event of Default under the Indenture or under any of the other Transaction Documents, or any event which, with the passage of time or service of notice, or both, would constitute such an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect to such event, (ii) an Act of Bankruptcy or a bankruptcy filing by or against the Borrower and (iii) the making of any claim in connection with seeking the avoidance as a preferential transfer ("Preference Claim") of any payment of principal of, or interest on, the Loan.

***Credit Provider to Control Insolvency Proceedings.*** Each Bondholder, by its purchase of Bonds, the Trustee and the Issuer agree that the Credit Provider may at any time during the continuation of an insolvency proceeding of the Issuer or the Borrower ("Insolvency Proceeding") direct all matters relating to the Bonds in any such Insolvency Proceeding, including, without limitation, (i) all matters relating to any Preference Claim, (ii) the direction of any appeal of any order relating to any Preference Claim and (iii) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, and without limitation of the foregoing, the Credit Provider shall be subrogated to the rights of the Issuer, the Trustee and the Bondholders in any Insolvency Proceeding to the extent it has performed its payment obligations under the Credit Facility, including any rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Insolvency Proceeding and rights pertaining to the filing of a proof of claim, voting on a reorganization plan and rights to payment thereunder.

## **Defeasance**

***Provision for Payment of Bonds.*** Any Bond will be deemed paid within the meaning of the Indenture if each of the conditions described below is satisfied. The conditions are:

(1) The Issuer or the Borrower deposits with the Trustee (A) Available Moneys or (B) Government Obligations which are not subject to early redemption and which are purchased with Available Moneys, of such maturities and interest payment dates and bearing such interest as will be sufficient, without further investment or reinvestment of either the principal amount of such Government Obligations or the interest earnings on Government Obligations (the earnings to be held in trust also), together with any Available Moneys, for the payment on their respective Maturity Dates, or Redemption Dates prior to maturity, of the principal of such Bonds and redemption premium, if any, and interest to accrue on such Bonds to such Maturity Dates or Redemption Dates.

(2) The Trustee receives, at the expense of the Borrower, and may rely upon: (A) a verification report of an independent certified public accountant or other firm nationally recognized in the certification of cash flow analyses; and (B) an opinion of Bond Counsel to the effect that

such deposit with the Trustee and consequent defeasance of the Bonds does not adversely affect the excludability from gross income for federal income tax purposes of the interest payable on the Bonds.

(3) All Third Party Fees due or to become due have been paid or sufficient additional moneys to make the required payments have been irrevocably deposited with the Trustee.

(4) For any such Bonds to be redeemed on any date prior to their maturity, the Trustee has received in form satisfactory to it irrevocable instructions to redeem such Bonds on a date on which the Bonds are subject to redemption, and either evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices.

The Trustee shall redeem the Bonds specified by such irrevocable instructions on the date specified by such irrevocable instructions.

***Defeased Bonds No Longer Outstanding.*** At such times as a Bond is deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment in accordance with the Indenture.

***Release of Certain Income.*** All income from all Government Obligations in the hands of the Trustee pursuant to the Indenture which is identified by an independent certified public accountant or other firm nationally recognized in the certification of cash flow analyses as not required for the payment of the Bonds and interest on such income with respect to which such moneys have been so deposited will be deposited with the Trustee as and when realized and collected for use and application as are other moneys deposited with the Trustee.

***Particular Bonds.*** Notwithstanding any other provision of the Indenture to the contrary, all moneys or Government Obligations set aside and held in trust pursuant to the Indenture for the payment of Bonds (including accrued interest on such Bonds) shall be applied to and used solely for the payment of the particular Bonds (including interest on such Bonds) with respect to which such moneys or Government Obligations have been so set aside in trust.

## **Defaults Provisions and Remedies**

***Events of Default.*** Each of the following constitutes an Event of Default under the Indenture:

- (1) default in the payment when due and payable of any interest due on any Bond;
- (2) default in the payment when due and payable of the principal of or any redemption premium on any Bond at maturity or upon any redemption;
- (3) following the BCE Delivery Date and only with respect to the Series A Bonds, written notice to the Trustee from the Credit Provider of a default by the Issuer in the observance or performance of any covenant, agreement, warranty or representation on the part of the Issuer included in the Indenture or in the Series A Bonds (other than an Event of Default described in subsection (1) or (2) above) and the continuance of such default for a period of 30 days after the Trustee receives such notice;

- (4) following the BCE Delivery Date and only with respect to the Series A Bonds, written notice to the Trustee from the Credit Provider of an Event of Default under the Reimbursement Agreement;
- (5) following the BCE Delivery Date and only with respect to the Series A Bonds, written notice to the Trustee from the Credit Provider of an Act of Bankruptcy; or
- (6) a Wrongful Dishonor.

**Preliminary Notice.** The Trustee shall immediately notify the Issuer, the Loan Servicer, the Borrower, the Investor Limited Partner, prior to the BCE Delivery Date, the Construction Lender, following the BCE Delivery Date, the Credit Provider after the Trustee obtains knowledge or receives notice of the occurrence of an Event of Default under the Indenture or an event which would become such an Event of Default with the passage of time, the giving of notice or both, identifying the paragraph in the Indenture under which the Event of Default has occurred or may occur. The Investor Limited Partner is entitled, but not obligated, to cure an Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that any cure of an Event of Default by the Investor Limited Partner shall be deemed a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

**Non-Default and Prohibition of Mandatory Redemption Upon Tax Event.** The occurrence of any event ("Tax Event") which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the Bondholders, including any violation of any provision of the Regulatory Agreement or any of the other Bond Documents, shall not (i) directly or indirectly constitute an Event of Default under the Indenture or permit any party (other than the Credit Provider) to accelerate, or require acceleration of, the Loan or the Bonds, unless the Credit Provider provides written notice to the Trustee that such Tax Event constitutes a default under the Reimbursement Agreement, or (ii) give rise to a mandatory redemption of the Bonds, or (iii) give rise to the payment to the Bondholders of any amount, denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages," "damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the Tax Event. Nothing described under this heading will be deemed to amend or supplement the terms of the Loan Documents. Promptly upon determining that a Tax Event has occurred, the Issuer or the Trustee, by notice in writing to the Credit Provider, the Loan Servicer and all Registered Owners of the Bonds, shall state that a Tax Event has occurred and whether the Tax Event is cured, curable within a reasonable period or incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Issuer nor the Trustee shall have, upon the occurrence of a Tax Event, any right or obligation to cause or direct acceleration of the Bonds or the Loan, to enforce the Note or to foreclose the Security Instrument, to accept a deed to the Mortgaged Property in lieu of foreclosure, or to effect any other comparable conversion of the Mortgaged Property.

## Acceleration and Redemption

**Acceleration.** Upon:

(a) the occurrence and during the continuance of a Wrongful Dishonor, the Trustee may, and, upon the written request of Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding must, by written notice to the Issuer, the Borrower, the Investor Limited Partner, the Credit Provider, the Loan Servicer, and prior to the BCE Delivery Date, the Construction Lender, declare the principal of all Bonds and the interest accrued, and to accrue on the Bonds to the date of payment immediately due and payable; or

(b) the occurrence of any other Event of Default under the Indenture, the Trustee may, upon receiving the prior written consent of the Credit Provider, and must upon the written direction of the Credit Provider requiring that the Bonds be accelerated pursuant to this subsection, by written notice to the Issuer, the Borrower, the Investor Limited Partner, the Credit Provider, the Loan Servicer, and prior to the BCE Delivery Date, the Construction Lender, declare the principal of all Bonds and the interest accrued, and to accrue on the Bonds to the date of declaration immediately due and payable.

**Redemption.** Upon the occurrence of an Event of Default described under paragraph (4) under the heading “Events of Default” above if the Credit Provider so directs pursuant to the Indenture, the Bonds shall be redeemed in whole or in part in the amount specified by and at the direction of the Credit Provider.

Notwithstanding anything to the contrary in the Indenture, if the Credit Provider directs that the Bonds be redeemed in part pursuant to the Indenture, the Credit Provider may further direct on one or more other occasions as described under this subsection that the Bonds be redeemed in whole or in part.

**Notice.**

(1) **Acceleration.** Upon any decision to accelerate payment of the Bonds, the Trustee shall notify the Bondholders of the declaration of acceleration, that, in the event of acceleration pursuant to the Indenture, interest on the Bonds will cease to accrue upon such declaration, and payment of the Bonds will be made upon presentment of the Bonds at the Designated Office of the Trustee. Such notice shall be sent by registered mail or overnight delivery service, postage prepaid, or, at the Trustee’s option, may be given by Electronic Means to each Registered Owner of Bonds at such Registered Owner’s last address appearing in the Bond Register. Any defect in or failure to give notice of such declaration will not affect the validity of such declaration.

(2) **Redemption.** Upon the direction of the Credit Provider to redeem the Series A Bonds in whole or in part pursuant to the Indenture, immediate notice of redemption will be given.

**Draw on Credit Facility.** Immediately upon acceleration or mandatory redemption of the Series A Bonds, the Trustee shall request an Advance under the Credit Facility in accordance with its terms.

**Other Remedies.** Upon the occurrence and continuance of an Event of Default, the Trustee may, with or without taking action to accelerate the Bonds, but only with the prior written consent of the Credit Provider, and must at the direction of the Credit Provider if the Event of Default occurs under paragraph (3), (4) or (5) under “Events of Default” above, pursue any of the following remedies:

(a) an action in mandamus or other suit, action or proceeding at law or in equity (i) to enforce the payment of the principal of and interest and any premium on the Bonds then

Outstanding, (ii) for the specific performance of any covenant or agreement contained in the Indenture, the Financing Agreement or the Regulatory Agreement or (iii) to require the Issuer to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) the liquidation of the Trust Estate; or

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

Subject to the provisions of the Indenture and the requirement, if any, that the Credit Provider consent in writing to the exercise by the Trustee of any remedy, upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most effective to enforce and protect the interests of the Bondholders and, unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider.

#### **Remedies Not Exclusive; Delay or Omission**

No right or remedy conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy will be cumulative and in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture or under the Financing Agreement, the Regulatory Agreement or the Credit Facility or now or later existing at law or in equity. No delay or omission to exercise any right or remedy provided in the Indenture will impair any such right or remedy or be construed to be a waiver of any Event of Default or acquiescence in it. Every such right and remedy may be exercised from time to time as often as may be deemed expedient.

#### **Waiver**

Subject to the conditions precedent set out below, (i) the Trustee may waive, (ii) the Trustee shall waive if directed to do so by the Credit Provider in writing (but only following the BCE Delivery Date), and (iii) Bondholders owning not less than a majority in aggregate principal amount of Bonds then Outstanding may waive, by written notice to the Trustee, any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of maturity of principal. The conditions precedent to any waiver are:

(a) unless waiver is directed by the Credit Provider, the Credit Provider consents to such waiver in writing (but only following the BCE Delivery Date);

(b) the principal and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate or rates of interest borne by the Bonds has been paid or provided for by the Borrower in Available Moneys or by the Credit Provider (but only following the BCE Delivery Date) and all fees and expenses of the Trustee have been paid or provided for by the Borrower or the Credit Provider (but only following the BCE Delivery Date); and

(c) after the waiver, the Credit Facility remains in effect in an amount equal to the aggregate principal amount of the Series A Bonds Outstanding plus the Interest Requirement,

provided, however, that such waiver will be permitted without the Credit Facility remaining in effect if (i) the Issuer consents to the waiver, (ii) the Rating Agency then rating the Series A Bonds is notified and the Trustee gives written notice to the Bondholders that the rating on the Series A Bonds may be reduced or withdrawn upon the occurrence of such waiver, and (iii) 100% of the Bondholders consent to the waiver.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and the Issuer, the Borrower, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture. No waiver of any default or Event of Default shall extend to or affect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

### **Rights of the Credit Provider and the Bondholders to Direct Proceedings; Rights and Limitations Applicable to Bondholders, Issuer and Trustee**

***Rights to Direct Proceedings.*** Notwithstanding anything contained in the Indenture to the contrary, the Credit Provider itself (but only following the BCE Delivery Date) or Bondholders owning not less than a majority in aggregate principal amount of Bonds then Outstanding, but only with the prior written consent of the Credit Provider, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture, provided, however, that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee will be indemnified to its reasonable satisfaction (except as otherwise provided in the Indenture).

***Limitations on Bondholders' Rights.*** No Bondholder has or shall have the right to enforce the provisions of the Indenture or the Financing Agreement, or to institute any proceeding in equity or at law for the enforcement of the Indenture or the Financing Agreement, or to take any action with respect to an Event of Default under the Indenture or an Event of Default under the Financing Agreement, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture or the Financing Agreement upon an Event of Default unless (a) such Event of Default is a Wrongful Dishonor, (b) such Bondholder has given the Trustee, the Issuer, the Credit Provider, the Loan Servicer and the Borrower written notice of the Event of Default, (c) the holders of not less than a majority in aggregate principal amount of Bonds then Outstanding have requested the Trustee in writing to institute such proceeding, (d) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (e) the Trustee has been offered reasonable indemnity, where required, and (f) the Trustee has thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable period of time. No Bondholder has or shall have any right in any manner whatever to affect, disturb or prejudice the pledge of revenues or of any other moneys, Funds, Accounts or securities under the Indenture. Except as provided in this paragraph, no Bondholder has or shall have the right, directly or indirectly, individually or as a group, to seek to enforce, collect amounts available under, or otherwise realize on, the Credit Facility.

### **Application of Moneys**

Amounts derived from payments under the Credit Facility (other than amounts derived from a Credit Facility Advance to pay the Issuer's fee) shall be deposited into the Credit Facility Account and applied solely to pay the principal of and interest on the Series A Bonds. All other moneys received by the Trustee pursuant to any action taken under the Indenture will be deposited into the applicable Interest Account and the Series A Redemption Account, as applicable, after payment of the ordinary fees, costs and expenses of the Trustee. The balance of such moneys, less such amounts as the Trustee determines may be needed for possible use in paying future fees and expenses and for the preservation and management of the



Mortgaged Property (as identified by the Credit Provider), shall be applied as described in the following subsections.

***Principal on Bonds Not Declared Due and Payable.*** Unless the principal on all Bonds has become or been declared due and payable, all such moneys will be applied:

FIRST — to the payment of all interest then due on the Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, of the amounts due, without any discrimination or privilege;

SECOND — to the payment of the unpaid principal of any of the Bonds which have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the Indenture), in the order of due dates, with interest upon the principal amount of the Bonds from the respective dates upon which they become due at the rate or rates borne by the Bonds, to the extent permitted by law, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled to such payment without any discrimination or privilege; and

THIRD — to the payment of amounts owed to the Credit Provider under the Credit Facility Documents and the Loan Documents, and then to any amounts due to the Trustee for Extraordinary Items, for this purpose including the costs and expenses of any proceedings resulting in the collection of such moneys and of advances incurred or made by the Trustee.

***Principal of Bonds Declared Due and Payable.*** If the principal of all the Bonds has become or been declared due and payable, all such moneys shall be applied *first*, to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest to the persons entitled to payment, until all such principal and interest has been paid; *second*, to pay the Credit Provider amounts owed to it under the Credit Facility Documents and the Loan Documents; and *third*, to any other amounts due and payable under the Indenture.

***General.*** Whenever moneys are to be applied pursuant to this section, such moneys shall be applied at such times, and from time to time, as the Trustee determines, having due regard for the amount of such moneys available for application, the likelihood of additional moneys becoming available for such application in the future, and potential expenses relating to the exercise of any remedy or right conferred on the Trustee by the Indenture. Whenever the Trustee applies such moneys, it shall fix the date (which will be a Payment Date unless it deems an earlier date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue, unless interest has already ceased to accrue in accordance with the Indenture. 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 owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

## **Trustee**

***Qualification.*** The Trustee and any successor Trustee will at all times be a bank or trust company organized under the laws of the United States of America or any state of the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000 (or an affiliate of a corporation

or banking association meeting that requirement which guarantees the obligations and liabilities of the Trustee) and subject to supervision or examination by federal or state banking authority. Any Trustee or Successor Trustee shall accept in writing its duties and responsibilities under the Indenture and such writing shall be filed with the Issuer, the Credit Provider, and the Borrower.

***Resignation or Removal of Trustee.*** The Trustee may resign only upon giving 60 days' prior written notice to the Issuer, the Credit Provider, the Loan Servicer, the Borrower, the Investor Limited Partner, and to each Registered Owner of Bonds then Outstanding as shown on the Bond Register. During such time that no Event of Default has occurred and is continuing under the Indenture, the Trustee may be removed at any time upon 30 days prior written notice to the Trustee, (i) by the Issuer, with the prior written consent of the Credit Provider, (ii) by the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, which written instrument shall designate a successor Trustee approved by the Credit Provider, or (iii) by the Credit Provider. Such resignation or removal shall not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment.

***Appointment of Successor Trustee.*** Upon the resignation or removal of the Trustee, a successor Trustee, satisfying the requirements of the Indenture, shall be appointed by the Borrower with the prior written consent of the Issuer, the Credit Provider, and the Investor Limited Partner (unless appointed by the Bondholders as provided in the Indenture), provided, however, that if the Borrower is then in default under any Bond Document or any Loan Document or if an event has occurred and is continuing which, with notice or the passage of time or both, would constitute such a default, such appointment will be made by the Issuer with the prior written consent of the Credit Provider. If, in the case of resignation or removal of the Trustee, no successor is appointed within 30 days after the notice of resignation or within 30 days after removal, as the case may be, then, in the case of a resignation, the resigning Trustee shall appoint a successor with the prior written consent of the Issuer and the Credit Provider or apply to a court of competent jurisdiction for the appointment of a successor Trustee and, in the case of a removal, the Credit Provider shall have the right to appoint a successor Trustee or to apply to a court of competent jurisdiction for the appointment of a successor Trustee. The successor Trustee must accept in writing its duties and responsibilities under the Indenture, the Financing Agreement, the Assignment and the Regulatory Agreement. The successor Trustee shall give notice of such succession by first-class mail, postage prepaid, to each Bondholder, the Issuer, the Credit Provider, the Loan Servicer, the Investor Limited Partner, and the Borrower.

## **Supplemental Indentures; Amendments**

***Supplemental Indentures Not Requiring Bondholder Consent.*** The Issuer and the Trustee, without the consent of or notice to any Bondholder, may enter into an indenture or indentures supplemental to the Indenture for one or more of the following purposes:

- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture or to make such other provisions in regard to matters or questions arising under the Indenture which shall not materially adversely affect the interest of the Holders;
- (b) to amend, modify or supplement the Indenture in any respect if such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;
- (c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon

the Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the States of the United States;

(e) to appoint a successor trustee, separate trustee or co-trustee, or a separate Bond Registrar;

(f) to make any change requested or consented to by the Credit Provider which is not materially adverse to the interests of the Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the initial Credit Facility, provided that the provision of such other Credit Facility does not adversely affect the rating then in effect for the Bonds;

(g) to make any changes in the Indenture or in the terms of the Bonds necessary or desirable in order to maintain the then existing rating awarded to the Bonds by the Rating Agency or otherwise to comply with requirements of any Rating Agency then rating the Bonds;

(h) to comply with the Code and the regulations and rulings issued with respect to the Code, to the extent determined as necessary in the opinion of Bond Counsel;

(i) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral;

(j) to make such additions, deletions or modifications as may be, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(k) to implement or modify any secondary market disclosure requirements; and

(l) to modify, amend, alter or supplement the Indenture in any other respect that is not materially adverse to the Holders of the Bonds to be Outstanding after the effective date of the change.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions precedent in the Indenture have been satisfied, the Trustee shall join the Issuer in the execution of any such supplemental indenture. The Trustee promptly shall furnish a copy of any such supplemental indenture to the Credit Provider, the Loan Servicer and the Borrower. Notwithstanding anything to the contrary set forth in this section, prior to the repayment in full of the Construction Loan, the Indenture and Financing Agreement shall not be modified, supplemented or terminated without the prior written consent of Construction Lender. Construction Lender is an express third party beneficiary of the previous sentence set forth above.

***Supplemental Indentures Requiring Bondholder Consent.*** Exclusive of supplemental indentures described in the preceding paragraph and subject to the terms and provisions contained in this paragraph, the Issuer and the Trustee may, with the consent of Bondholders owning not less than a majority in aggregate principal amount of Bonds then Outstanding, from time to time, and prior to the repayment of the Construction Loan, solely with the consent of the Construction Lender, execute indentures supplemental

to the Indenture for the purpose of modifying or amending any of the provisions contained in the Indenture; provided, however, that nothing in this paragraph permits, or shall be construed as permitting:

- (a) an extension of the maturity of the principal of or interest on, or the mandatory Redemption Date of, any Bond, without the consent of the owner of such Bond;
- (b) a reduction in the principal amount of, or the rate of interest on, any Bond, without the consent of the owner of such Bond;
- (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the owners of all such Bonds;
- (d) the creation of a lien prior to or on parity with the lien of the Indenture, without the consent of the owners of all of the Bonds then Outstanding;
- (e) a change in the percentage of Bondholders necessary to waive an Event of Default under the Indenture or otherwise approve matters requiring Bondholder approval under the Indenture, including consent to any supplemental indenture, without the consent of the owners of all the Bonds then Outstanding;
- (f) a transfer, assignment or release of the Credit Facility (or modification of the provisions of the Indenture governing such transfer, assignment or release), other than as permitted by the Indenture or the Credit Facility, without the consent of the owners of all of the Bonds then Outstanding;
- (g) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, without the consent of the holders of all of the Bonds then Outstanding;
- (h) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture, without the consent of the holders of all of the Bonds then Outstanding; or
- (i) the amendment of the provisions of the Indenture relating to the amendment thereof, without the consent of the holders of all of the Bonds then Outstanding.

The Trustee shall promptly furnish a copy of any such supplemental indenture to the Credit Provider, the Loan Servicer, the Borrower, and the Investor Limited Partner. Notice of any amendment pursuant to this section shall be given to the Bondholders promptly following the execution thereof.

***No Bondholder Consent Required for Amendment to Loan Documents.*** Unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider alone may consent to any amendment to the Loan Documents and no consent of the Bondholders is required; provided, however, that any amendment of the payment terms of the Note shall occur only following written confirmation of the Rating Agency that such amendment will not result in a reduction or withdrawal of the rating on the Bonds.

## **Amendments to the Credit Facility**

The Credit Facility may only be amended, supplemented or otherwise changed in accordance with the following:

(a) *Replacement Credit Facility.* At the request of the Credit Provider, the Trustee shall exchange the Credit Facility with the Credit Provider for a new Credit Facility (a “Replacement Credit Facility”) issued by the Credit Provider, provided that there is delivered to the Trustee (i) a written confirmation from the Rating Agency to the effect that such exchange shall not adversely affect the rating then in effect for the Series A Bonds and (ii) a written opinion of Bond Counsel to the effect that such exchange will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. No such exchange shall require the approval of the Issuer, the Trustee or any of the Bondholders or constitute or require a modification or supplement to the Indenture.

(b) *Amendment of the Credit Facility.* The Trustee may consent, without the consent of the owners of the Bonds, to any amendment of the Credit Facility not addressed in subsection (a) which does not prejudice in any material respect the interests of the Series A Bondholders.

(c) *Other Amendments of the Credit Facility.* Except as provided in subsections (a) and (b), the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority of the aggregate principal amount of all Outstanding Series A Bonds. No amendment may be made to the Credit Facility which would reduce the amounts required to be paid under the Credit Facility or change the time for payment of such amounts; provided, however, that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

## **Notice to and Consent of Bondholders**

If consent of the Bondholders is required for any supplement, amendment or modification to the Indenture or for any other similar purpose, the Trustee shall give notice of the proposed supplement, amendment or modification by first class mail, postage prepaid, to the Bondholders. Such notice will be conclusively presumed to have been duly given and received when given in such manner, whether or not any holder actually receives the notice. Such notice shall briefly set forth the nature of the proposed supplement, amendment or modification, and shall state that copies of any such supplement, amendment or modification are on file at the Designated Office of the Trustee for inspection by the Bondholders. The consent of the holder of any Bond will be binding on any transferee and successor transferees of such Bond.

## **Required Approvals**

Subject to the provisions of the Indenture, no amendment, supplement or modification may be made to any Transaction Document without the prior written consent of the Credit Provider. Anything in the Indenture to the contrary notwithstanding, a supplement or amendment or other document described in the Indenture which materially and adversely affects any rights or obligations of the Borrower will not become effective unless and until the Borrower and the Investor Limited Partner (if the Borrower is not then in default under any Bond Document or any Loan Document and if no event which, with notice or the passage of time or both, would constitute such a default has occurred and is continuing) have consented in writing to the execution of such supplemental indenture, amendment or other document. The Trustee shall not be required to enter into any supplement or amendment which adversely affects the Trustee’s rights and duties under the Indenture.

## **Opinions of Counsel**

Subject to the provisions of the Indenture, the Trustee may obtain and will be fully protected in relying upon an Opinion of Counsel as conclusive evidence that any supplement or amendment to the Indenture is authorized and permitted by the Indenture and, if applicable, is not materially adverse to the interests of the Bondholders. No supplement or amendment with respect to the Indenture will be effective until the Issuer and the Trustee have received an opinion of Bond Counsel to the effect that such supplement or amendment will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds.

## **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 up to an amount of \$4,200,000\*, 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.

As more fully described in the Tax Certificate, a portion of the Bonds in the amount of \$4,200,000\* is being issued using recycled private activity bond volume cap, which portion is not subject to the foregoing provisions.

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\* Preliminary; subject to change.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

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

The provisions set forth below are applicable on and after the Delivery Date.

#### **Amount and Source of Loan**

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount set forth in the Financing Agreement. The Issuer agrees to make the Loan in the amount set forth in the Financing Agreement to the Borrower with the Net Bond Proceeds. Upon the issuance and delivery of the Bonds, the Issuer will deliver the Net Bond Proceeds to the Trustee. The Loan shall be deemed made in full upon deposit of the Net Bond Proceeds into the Bond Proceeds Fund. The Borrower accepts the Loan from the Issuer upon the terms and conditions set forth in the Financing Agreement and the Loan Documents, subject to the Indenture, the Regulatory Agreement and, from and after the BCE Delivery Date, the Assignment. Disbursements will be made from the applicable Project Account of the Bond Proceeds Fund as provided in the Indenture. The Borrower agrees to apply the proceeds of the Loan to pay the costs of the acquisition, construction and equipping for the multifamily housing facility known as Maison's Sierra II.

#### **Payment of Fees, Costs and Expenses**

The Borrower shall pay when due, without duplication, the fees, expenses and other sums described below.

(a) **Fees Due at Closing.** The Borrower shall pay or provide for the payment of all Costs of Issuance and the Trustee's acceptance fee, if any, on the Closing Date.

(b) **Third Party Fees.** The Borrower shall pay or provide for the payment of all Third Party Fees, if any, when due. The Third Party Fees are as follows:

(1) **Issuer.** All costs and expenses incurred by the Issuer at any time in connection with the Bonds.

(2) **Trustee.** The Trustee's acceptance fee, if any, which shall be paid on the Closing Date, the Trustee's Annual Fee, and all advances, out-of-pocket expenses, fees, costs and other charges reasonably and necessarily incurred by the Trustee under the Indenture and Extraordinary Items.

(3) **Rebate Analyst.** The annual or other periodic fee of the Rebate Analyst.

(4) **Remarketing Agent.** Remarketing Expenses in connection with remarketing of the Series B Bonds.

(c) **Fees and Expenses.**

(1) **Rating Agency.** The annual rating maintenance fee of the Rating Agency.

(2) **Extraordinary Items.** The Extraordinary Items.

(3) **Bond Costs.** All costs of registering, printing, reprinting, preparing and delivering any replacement bonds required under the Indenture and in connection with the registration, printing, reprinting or transfer of Bonds.

### **Obligation of the Borrower to Pay Deficiencies**

The Borrower shall pay any deficiency resulting from any loss due to a default under any investment in any Fund or Account or a change in value of any investment.

### **Sources, Deposits and Uses**

The Trustee shall apply the amounts deposited into the Series A Project Account of the Bond Proceeds Fund and the Series A Collateral Fund Account as provided in the Indenture to secure the Series A Bonds until the BCE Delivery Date. The Trustee shall apply the amounts deposited into the Series B Project Account of the Bond Proceeds Fund Account and the Series B Collateral Fund Account as provided in the Indenture to secure the Series B Bonds until the Initial Mandatory Tender Date and then to redeem the Series B Bonds unless the conditions to remarketing set forth in the Indenture are satisfied. The Borrower accepts the Construction Loan from the Construction Lender, upon the terms and conditions set forth in the Construction Loan Documents. On the BCE Delivery Date, the Borrower will accept the Credit Facility from the Credit Provider, upon the terms and conditions set forth in the Financing Agreement, in the Credit Facility Documents and in the Indenture. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit to the Bond Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the Credit Facility and of certain other Available Moneys as contemplated in the Financing Agreement and in the Indenture. Payments on the Credit Facility received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Series A Bonds.

### **Collateral Payments Prior to BCE Delivery Date**

In consideration of and as a condition to the disbursement of Bond proceeds in the Bond Proceeds Fund to pay Project Costs (but not as a condition to or as otherwise permitted under the Indenture), and to secure the Borrower's obligation to make payments on the Loan prior to the BCE Delivery Date the Borrower shall cause the delivery of Available Moneys equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Available Moneys shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund as set forth in the Indenture and disbursed in accordance with the provisions of the Indenture.

### **Disbursements from the Bond Proceeds Fund Prior to BCE Delivery Date**

Subject to the provisions below and, prior to the BCE Delivery Date, so long as no Event of Default under the Financing Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Financing Agreement and the Indenture, and no determination of taxability has occurred, disbursements from the Bond Proceeds Fund shall be made only to pay any of the Project Costs.

Except as otherwise permitted under the Indenture, any disbursements from the Bond Proceeds Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a signed requisition in the form attached to the Indenture as an exhibit, on which the Trustee may conclusively rely; and (b) the receipt by the Trustee of Available Moneys in an amount equal to the amount of any such disbursement request for deposit into the Collateral Fund as provided in the Financing Agreement. The Borrower acknowledges and agrees that it shall submit disbursement requests to the



Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Construction Lender (or other provider of such Available Moneys) of the payments or reimbursements requested. Proceeds of the Bonds disbursed pursuant to the provisions of the Financing Agreement may only be used to pay the Project Costs or as otherwise permitted under the Indenture.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code).

Any money in the Bond Proceeds Fund remaining after the BCE Delivery Date shall be applied as provided in the Indenture.

Notwithstanding any provision of the Financing Agreement or any provision of the Indenture to the contrary, except as set forth in this paragraph, the Trustee shall not disburse funds from the Bond Proceeds Fund unless and until the Trustee confirms that Available Moneys in the applicable Account of the Collateral Fund plus Available Moneys in the applicable Account of the Bond Proceeds Fund, less the amount of the requested disbursement from the applicable Account of the Bond Proceeds Fund, is at least equal to the then-Outstanding principal amount of the Series A Bonds or Series B Bonds, as applicable; provided, however, the Trustee shall be permitted to transfer funds from the applicable account of the Bond Proceeds Fund to the applicable account of the Collateral Fund as set forth under the Indenture, provided that, as a result of any such transfer, with respect to (i) the Series A Bonds, the amount of Available Moneys remaining on deposit in the Series A Project Account plus Available Moneys on deposit in the Series A Collateral Fund Account is at least equal to the then-Outstanding principal amount of the Series A Bonds and (ii) the Series B Bonds, the amount of Available Moneys remaining on deposit in the Series B Project Account of the Bond Proceeds Fund plus Available Moneys on deposit in the Series B Collateral Fund Account, plus scheduled investment earnings on Permitted Investments in such accounts, is at least equal to the then-Outstanding principal amount of the Series B Bonds.

### **Borrower's Obligations Upon Tender of Series B Bonds**

If the Series B Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Series B Collateral Fund Account, the Series B Interest Account of the Revenue Fund and the Series B Project Account of the Bond Proceeds Fund, as provided in the Indenture, for the purpose of paying the redemption price of such Series B Bonds, the Borrower will cause to be paid to the Trustee by the Mandatory Tender Date, an amount equal to the amount by which the redemption price of the Series B Bonds exceeds the amount otherwise available pursuant to the Indenture.

### **Obligations of the Borrower Unconditional**

To the fullest extent permitted by law, the obligations of the Borrower to make all payments and perform its other obligations under the Financing Agreement shall be absolute, unconditional and irrevocable, shall be paid and performed strictly in accordance with the applicable Transaction Documents under all circumstances, including, without limitation, the following circumstances: (i) any invalidity or unenforceability of the Credit Facility or any of the other Transaction Documents; (ii) any amendment or waiver of, or any consent to departure from, the terms of the Credit Facility or any of the other Transaction Documents, any extension of time or other modification of the terms and conditions for any act to be performed in connection with the Credit Facility or any of the other Transaction Documents; (iii) the

existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer, the Trustee, the Credit Provider, the Loan Servicer, or any other Person, whether in connection with any of the Transaction Documents, the Mortgaged Property, or any unrelated transaction; (iv) the surrender or impairment of any security for the performance or observance of any of the agreements or terms of any of the Transaction Documents; (v) defect in title to the Mortgaged Property, any act or circumstance that may constitute failure of consideration, destruction of, damage to or condemnation of the Mortgaged Property, commercial frustration of purpose, or any change in the tax or other laws of the United States of America or of the State or any political subdivision of either; (vi) the breach by the Issuer, the Trustee, the Credit Provider, the Loan Servicer or any other Person of any of its obligations under any Transaction Document; or (vii) any other circumstance, happening or omission whatsoever, whether or not similar to any of the foregoing.

### **Personal Liability of Borrower**

Except as provided in the last sentence under this heading, the obligations of the Borrower under the Financing Agreement and the obligations of the Borrower under the Regulatory Agreement to pay money, including the obligations of the Borrower with respect to the Reserved Rights, shall be (i) general obligations of the Borrower with recourse to the Borrower personally (but for the avoidance of doubt, not recourse to any of its partners, officers, employees, agents or affiliates), and (ii) subordinate and junior in priority, right of payment and all other respects to any and all obligations of the Borrower under the Loan Documents and to the Credit Provider under or in respect of the Credit Facility Documents. Nothing described under this heading shall apply to the obligations of the Borrower under any of the Loan Documents.

### **Obligations Unsecured**

All obligations of the Borrower under the Financing Agreement and under the Regulatory Agreement, including the obligations of the Borrower with respect to the Reserved Rights, shall not be secured by the Security Instrument and shall not constitute a lien on the Mortgaged Property in any manner.

### **Certain Obligations Personal to the Borrower**

No subsequent owner of the Mortgaged Property (including the Credit Provider as a result of a foreclosure, a deed in lieu of foreclosure or comparable conversion of the Loan) shall be liable for any breach or default of any obligation of any prior owner under the Regulatory Agreement or the Financing Agreement, including any payment or indemnification obligation. The owner of the Mortgaged Property at the time any default or breach occurs shall remain liable for any and all damages occasioned by such default or breach even after such Person ceases to be the owner. Upon seeking to collect such damages, neither the Issuer nor the Trustee shall have recourse against or the right to levy against or otherwise collect on any judgment from the Mortgaged Property.

### **Borrower's Obligations**

The Borrower releases the Issuer, the Trustee and their respective officers, directors, agents, officials, employees (and, as to the Issuer, members of its respective governing body) and any person who controls the Issuer or the Trustee within the meaning of the Securities Act of 1933, from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee and their respective officers, directors, employees, agents, members of its governing body, officials and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an "Indemnified Party") from and against, any and all losses, claims, damages, liabilities and expenses

(including attorneys' fees and expenses), taxes, causes of action, suits and judgments of any nature, joint or several, by or on behalf of any person arising out of:

- (a) the approval of financing for the Mortgaged Property or the making of the Loan;
- (b) the issuance, sale, resale or remarketing of any Bonds or any certifications or representations made by any person other than the party seeking indemnification in connection therewith, including, but not limited to, any (i) statement or information made by the Borrower with respect to the Borrower or the Mortgaged Property in any offering document or materials regarding the Bonds, the Mortgaged Property or the Borrower or in the Tax Certificate of the Borrower or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect, (ii) untrue statement or alleged untrue statement of a material fact contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, (iii) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could be sold;
- (c) the interpretation, performance, enforcement, breach, default or amendment of the Bond Documents, the Loan Documents or any other documents relating to the Mortgaged Property or the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents;
- (d) the Borrower's failure to comply with any requirement of the Financing Agreement or the Regulatory Agreement;
- (e) the condition of the Mortgaged Property (environmental or otherwise), including any violation of any law, ordinance, court order or regulation affecting the Mortgaged Property or any part of it;
- (f) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Mortgaged Property or arising out of any action or inaction of the Borrower or any of its agents, servants, employees or licensees, whether or not related to the Mortgaged Property, or resulting from the acquisition, construction, design, rehabilitation, repair, operation, use or management of all or any part of the Mortgaged Property;
- (g) the Trustee's acceptance or administration of the trusts created by, and the exercise of its powers or duties under, the Indenture or under the Financing Agreement, the Regulatory Agreement, the Credit Facility or any other agreements in connection with such agreements to which it is a party; and
- (h) to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with transactions provided for in the Financing Agreement and the other Transaction Documents or otherwise in connection with the Mortgaged Property, the Bonds or the execution or amendment of any document relating to the Bonds or the Mortgaged Property.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Trustee or any of the Trustee

Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person, and (ii) in the case of the foregoing indemnification of the Issuer or any of the Issuer Indemnified Parties, to the extent such damages are caused by the willful misconduct of such Person.

Nothing contained in this section shall in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this section and the Regulatory Agreement.

### **Events of Default**

The occurrence of any one or more of the following events shall constitute an Event of Default under the Financing Agreement:

(a) The Borrower fails to pay when due any amount payable by the Borrower under the Financing Agreement.

(b) The Borrower fails to observe or perform any covenant or obligation in the Financing Agreement on its part to be observed or performed for a period of 30 days after receipt of written notice from the Trustee specifying such failure and requesting that it be remedied, provided, however, that if the failure cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the validity or enforceability of the Bonds or on the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure is cured within 90 days of receipt of notice of such failure.

(c) After the BCE Delivery Date, the Credit Provider provides written notice to the Trustee of an Event of Default under the Financing Agreement by reason of the occurrence of an Event of Default under the Reimbursement Agreement. No Event of Default under the Reimbursement Agreement shall constitute a default under the Financing Agreement unless specifically declared to be so by the Credit Provider. The Credit Provider shall make such declaration by written notice to the Trustee.

### **Remedies upon an Event of Default**

Subject to the Assignment (on and after the BCE Delivery Date), whenever any Event of Default occurs and is continuing under the Financing Agreement, the Issuer may take one or any combination of the following remedial steps:

(a) by written notice to the Borrower and the Investor Limited Partner, declare all amounts then due and payable on the Note to be immediately due and payable;

(b) exercise any of the rights and remedies provided in the Loan Documents; and

(c) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and afterward to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

### **Amendment**

No amendment to the Financing Agreement shall be binding upon the parties to the Financing Agreement until such amendment is reduced to writing and executed by such parties; provided, however,

that no amendment, supplement or other modification to the Financing Agreement or any other Bond Document shall be effective without the prior written consent of the Credit Provider, subject to the provisions of the Financing Agreement.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

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

#### Definitions and Interpretations

“Administrator” means the Issuer or any administrator or program monitor appointed by the Issuer to administer the Regulatory Agreement, and any successor administrator appointed by the Issuer.

“Area” means the Metropolitan Statistical Area or County, as applicable, in which the Project is located, as defined by the United States Department of Housing and Urban Development.

“Available Units” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the issue date of the Bonds, is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“CDLAC” means the California Debt Limit Allocation Committee or its successors.

“CDLAC Conditions” has the meaning given such term in the Regulatory Agreement.

“CDLAC Resolution” means CDLAC Resolution No. 24-226, adopted on December 11, 2024, as revised by Extension Letter Details, and each relating to the Project and attached as an exhibit to the Regulatory Agreement, as such resolution may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Administrator, on behalf of the Issuer, and the Trustee pursuant to the Regulatory Agreement, which shall be substantially in the form attached as an exhibit to the Regulatory Agreement or in such other comparable form as may be provided by the Issuer to the Borrower, or as otherwise approved by the Issuer.

“City” means the City of Lancaster, California.

“Closing Date” means the date the Bonds are issued and delivered to the initial purchaser thereof, which is expected to be October \_\_, 2025.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Lender” means Merchants Bank of Indiana, an Indiana chartered bank.

“County” means the County of Los Angeles, California.

“Credit Provider” means Federal National Mortgage Association, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors and assigns.

“Deed of Trust” once executed and recorded, the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, by the Borrower to a deed of trust trustee for the benefit of the Issuer and Credit Provider, as assigned by the Issuer to the Credit Provider and the Trustee, as the same may be modified, amended or supplemented from time to time, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first priority lien on the fee interest in the Project delivered by the Borrower to secure the Borrower’s obligations to Construction Lender or a third-party lender.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in under Section 8 of the Housing Act.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Housing Law” means Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“Income Certification” means a Tenant Income Certification and a Tenant Income Certification Questionnaire in the form attached as an exhibit to the Regulatory Agreement or in such other comparable form as may be provided by the Issuer to the Borrower, or as otherwise approved by the Issuer.

“Issuer Annual Fee” means the greater of (i) five basis points (0.05%) times the principal amount of the Bonds outstanding on the Closing Date (for the initial Issuer Annual Fee) or on the first day of the month in which the anniversary of the Closing Date occurs (for each subsequent Issuer Annual Fee), or (ii) \$4,000; provided, that if any of the Bonds are draw-down Bonds, the Issuer Annual Fee will be based on the original maximum principal amount of the Bonds, which shall only be reduced by the amount of any Bonds that have been repaid; provided, further, that if any of the Bonds are subject to conversion from a construction term to a permanent term, the Issuer Annual Fee will be based on the original maximum principal amount of the Bonds until such conversion, notwithstanding any prior repayments of the Bonds, and following the conversion date, will be based on the outstanding principal amount of the Bonds as of the first day of the month in which the anniversary of the issuance date occurs, but in no event less than \$4,000 per year.

“Issuer Issuance Fee” means \$\_\_\_\_\_.

“Lender” means, initially, the Construction Lender, and then, from and after the BCE Delivery Date, the Credit Provider.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income under the Regulatory Agreement shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit's status as a Low Income Unit shall be made by the Borrower upon

commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means the property manager of the Project, which shall meet the requirements of the Regulatory Agreement. The initial Manager shall be CONAM Management Corporation, a California corporation.

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of the borrower, dated on or about Closing Date, as originally executed.

“Project” means the 171-unit multifamily rental housing development (including two manager’s units) to be located in the City of Lancaster on the real property site described in an exhibit attached to the Regulatory Agreement, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the construction and development of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Borrower pursuant to the Financing Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities described in the Financing Agreement.

“Project Costs”, “Cost”, “Costs” or “Costs of the Project” means with respect to the Project, the costs chargeable to the Project in accordance with generally accepted accounting principles including without limitation, the cost of acquisition, rehabilitation, construction, restoration, repair, alteration, improvement and extension of any building, structure, facility or other improvement; stored materials for construction work in progress; the cost of machinery and equipment; the cost of the real property on which the Project is constructed, rights-in-lands, easements, privileges, agreements franchises, utility extensions, disposal facilities, access roads and site development necessary or useful and convenient for the Project or in connection therewith; financing costs, including, but not limited to, costs of issuance and delivery of the Bonds, engineering and inspection costs; fees paid to the developer of the Project; organization, administrative, insurance, legal, operating, letter of credit and other expenses of the Issuer or the Borrower actually incurred prior to and during acquisition, construction or development; and all such other expenses as may be necessary or incidental to the financing, acquisition, construction, development or completion of the Project, including, but not limited to, interest expense incurred prior to completion of the Project, insurance premiums payable by the Borrower, taxes and other governmental charges levied on the Project.

“Qualified Project Costs” means “Good Costs” as such term is defined in the Tax Certificate.

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the units in the Project are first occupied and ending on the latest of the following:

- (A) the date that is 15 years after the date on which at least 50% of the units in the Project are first occupied;
- (B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding;
- (C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or
- (D) such later date as set forth in the Regulatory Agreement.



“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Borrower as a condition of occupancy of the unit.

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

“Transfer” means the conveyance, assignment, sale or other disposition of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Borrower agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Borrower leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Verification of Income” means a Verification of Income in the form attached as an exhibit to the Regulatory Agreement or in such other comparable form as may be provided by the Issuer to the Borrower, or as otherwise approved by the Issuer.

### **Qualified Residential Rental Project**

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

(a) The Project will be constructed, developed and operated for the purpose of providing multifamily residential rental property. The Borrower will 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 Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act and the Housing Law, 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 (except for not more than four units set aside for a resident manager or other administrative use) will be similarly constructed units, and 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.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel,

dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of the Regulatory Agreement.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period (except that the Borrower may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City).

(e) All of the Available Units in the Project (except for not more than four units set aside for resident managers or other administrative use) will be available for rental during the period beginning on the Closing Date and ending on the termination of the Qualified Project Period on a continuous, "first-come, first-served" basis to members of the general public; and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except as permitted by applicable law, including Section 1.103-8(a)(2) of the Regulations, and to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project 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 the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this provision shall not be construed to prohibit occupancy of not more than four dwelling units by a resident manager or maintenance personnel, any of whom may be the Borrower.

### **Low Income Tenants; Reporting Requirements**

Pursuant to the requirements of the Code, the Borrower represents, warrants and covenants as follows:

(a) During the Qualified Project Period, no less than 40% of the total number of completed units in the Project shall at all times be Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit is treated as a Low Income Unit until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant increases to exceed the qualifying limit for a Low Income Unit. However, should the aggregate Gross Income of tenants in a Low Income Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s). The unit occupied by such tenants whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit for purposes of the 40% requirement of Section 4(a) hereof unless

and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Verifications of Income for each Low Income Tenant, including (i) a Verification of Income in the form attached to the Regulatory Agreement as an exhibit dated immediately prior to the initial occupancy of such Low Income Tenant in the unit and a second Verification of Income dated one year after the Low Income Tenant's initial move in date, and (ii) thereafter, an annual Verification of Income in the form attached to the Regulatory Agreement as an exhibit with respect to each Low Income Tenant. In lieu of obtaining an annual Verification of Income required by clause (ii) of the preceding sentence, the Borrower may, with respect to any particular twelve-month period ending October 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of October 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. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain an annual Verification of Income for tenants. The Borrower will also provide such additional information as may be required in the future by the Code, the State or the Issuer, 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, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Issuer, copies of Verification of Income for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Issuer, as requested.

(d) The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(e) The Borrower will maintain complete and accurate records pertaining to the Low Income Units, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the 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 will prepare and submit to the Administrator, on behalf of the Issuer, annually, on or before May 1 of each year, or such other date as shall be specified by the Issuer in writing, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached to the Regulatory Agreement as an exhibit; provided, however, at the direction of the Issuer, the Borrower will prepare and submit to the Administrator, on behalf of the Issuer, quarterly, on or before January 1, May 1, July 1 and October 1 of each year, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached to the Regulatory Agreement as an exhibit. During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required

by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code). Upon the written request of the Issuer, the Borrower agrees to provide such information or reports as are necessary, in the reasonable opinion of the Issuer, to enable the Issuer to respond to reporting requirements imposed on the Issuer by the Internal Revenue Service, CDLAC or other authorities having regulatory authority with respect to the Bonds.

(g) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to the Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made by such tenant in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower and the Issuer are relying on the statements made by such tenant in the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of a Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with the Regulatory Agreement and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under the Regulatory Agreement, the unit occupied by such tenant may cease to qualify as a Low Income Unit and such unit's rent may be subject to increase.

For purposes of this section, no unit occupied by a residential manager shall be treated as a rental unit during the time of such occupation.

### **Tax-Exempt Status of the Bonds**

The Borrower and the Issuer, as applicable, each represents, warrants and agrees as follows:

(a) The Borrower and the Issuer will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Bonds and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee (with a copy to the Borrower), in order to insure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the real property records of the County.

## **Requirements of the Housing Law**

In addition to the other requirements set forth in the Regulatory Agreement, the Borrower agrees that it shall comply with each of the requirements of Section 52080 of the Housing Law, including the following:

(a) Not less than 40% of the total number of units in the Project shall be Low Income Units. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The monthly Rental Payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed one-twelfth (1/12<sup>th</sup>) of thirty percent (30%) of an amount equal to sixty percent (60%) of the median adjusted Gross Income for the Area.

(c) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by the Regulatory Agreement shall remain available on a priority basis for occupancy at all times on and after the Closing Date and continuing through the Qualified Project Period.

(e) During the three (3) years prior to the expiration of the Qualified Project Period, the Borrower shall continue to make available to eligible households Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by the Regulatory Agreement shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (a) of this section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Housing Law), (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Borrower pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(g) Except as set forth in the Regulatory Agreement, the covenants and conditions of the Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(h) This Regulatory Agreement shall be recorded in the office of the County recorder, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and under the name of the Issuer as grantee.

## Requirements of the Issuer

In addition to other requirements set forth in the Regulatory Agreement and to the extent not prohibited by the requirements set forth therein, the Borrower agrees to comply with each of the requirements of the Issuer set forth in this section, as follows:

(a) For the duration of the Qualified Project Period, notwithstanding any retirement of the Bonds or termination of the Financing Agreement, the Borrower will pay to the Issuer all of the amounts required to be paid by the Borrower under the Financing Agreement and will indemnify the Issuer and the Trustee as provided in the Regulatory Agreement.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer upon reasonable advance notice to the Borrower.

(c) The Borrower acknowledges that the Issuer may appoint an Administrator to administer the Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements of the Regulatory Agreement. The Borrower shall comply with any reasonable request made by the Administrator or the Issuer to deliver to the Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant to the Regulatory Agreement, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer. The fees and expenses of the Administrator shall be paid by the Issuer.

(d) For purposes of the Regulatory Agreement, the base rents shall be adjusted for household size, to the extent permitted by law.

(e) The Borrower represents and warrants, and agrees that at all times the Project shall be managed by a property manager that has at least three (3) years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing income or rent restricted units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects.

(f) No later than September 30 of each calendar year (commencing September 30, 2025), the Borrower agrees to provide to the Issuer the annual report information required by Section 8855(k)(1) of the California Government Code in such format as may be reasonably requested by Issuer. The Issuer shall submit the annual report required by said Section 8855(k)(1). This covenant shall remain in effect until the later of the date (i) the Bonds are no longer outstanding or (ii) the proceeds of the Bonds have been fully spent.

Any of the foregoing requirements of the Issuer contained in this section may be expressly waived by the Issuer, in its sole discretion, in writing, but (i) no waiver by the Issuer of any requirement of this section shall, or shall be deemed to, extend to or affect any other provision of the Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this section shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds

to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act, the Housing Law or any other state or federal law.

### **Transfer of the Project**

For the Qualified Project Period, the Borrower shall not Transfer the Project, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Borrower shall not be in default under the Regulatory Agreement or under the Financing Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of the Regulatory Agreement; (3) either (a) the transferee or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project, or another management company reasonably acceptable to the Issuer will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Borrower or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Issuer with respect to the assumption of the Borrower's obligations under the Regulatory Agreement and the Financing Agreement (if then in effect), including without limitation an instrument of assumption thereof, and delivery to the Issuer of an opinion of such transferee's counsel to the effect that each such document and the Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the Bonds; (D) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer by the Borrower; and (E) receipt by the Issuer of evidence of satisfaction of compliance with the provisions of the Regulatory Agreement related to notice to CDLAC of transfer of the Project.

It is expressly stipulated and agreed that any Transfer of the Project in violation of this section shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. The written consent of the Issuer to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this section. Nothing in this section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with the Regulatory Agreement, the Borrower shall be fully released from its obligations thereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Issuer or compliance with the provisions of this section. The Issuer thereby approves (i) the transfer of limited partnership interests in the Borrower to affiliates of the Investor Limited Partner of

the Borrower, including, without limitation, the transfer of membership interests in the Borrower from the Investor Limited Partner and non-managing membership interests in the Investor Limited Partner of Borrower, (ii) the removal of the initial managing general partner of the Borrower and replacement with an entity formed by or that is a subsidiary or an affiliate of the initial administrative general partner or Investor Limited Partner of the Borrower pursuant to the Borrower's Partnership Agreement, (iii) the removal of the General Partner of the Borrower and the replacement thereof by an affiliate of the Investor Limited Partner pursuant to the Borrower's Partnership Agreement, and (iv) the pledge and assignment of any partnership interests in the Borrower to the Construction Lender and any transfer arising from the Construction Lender's exercise of its rights under the Regulatory Agreement.

For the Qualified Project Period, the Borrower shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) Permitted Encumbrances (as defined in the Deed of Trust), or (B) a Transfer in accordance with the terms of the Regulatory Agreement, in each case upon receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bonds (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Financing Agreement or the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

## **Term**

The Regulatory Agreement and all and several of the terms of the Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided in the Regulatory Agreement and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and discharge of the Indenture and the Financing Agreement.

The terms of the Regulatory Agreement to the contrary notwithstanding, the requirements of the Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, 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, which prevents the Issuer and the Trustee from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes.

Upon the termination of the terms of the Regulatory Agreement, the parties to the Regulatory Agreement agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments



shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Borrower, with the consent of CDLAC, upon receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms thereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

### **Covenants to Run With the Land**

Notwithstanding Section 1461 of the California Civil Code, the Borrower subjects the Project to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer and the Borrower declare their express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument executed the Regulatory Agreement 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.

### **Default; Enforcement**

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer, the Lender or the Trustee to the Borrower (with a copy to the Investor Limited Partner), or for a period of 60 days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Issuer or the Trustee shall declare an "Event of Default" to have occurred thereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default thereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Bonds. The Issuer and the Trustee shall have the right to enforce the obligations of the Borrower under the Regulatory Agreement within shorter periods of time than are otherwise provided therein if necessary to insure compliance with the Housing Law or the Code.

Following the declaration of an Event of Default under the Regulatory Agreement, the Issuer or the Trustee, at the written direction of Issuer, subject to the terms of the Indenture, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants under the Regulatory Agreement or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee thereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower under the Regulatory Agreement;

(iv) with the consent of the Lender, which consent shall not be unreasonably withheld, declare a default under the Financing Agreement, as applicable, and proceed with any remedies provided therein; and

(v) order and direct the Borrower in writing to terminate the Manager and to select a replacement Manager meeting the requirements hereof within 60 days of such written direction, and to notify the Issuer in writing of the identity of the replacement Manager and that certify that such replacement Manager satisfies the requirements of the Regulatory Agreement.

The Borrower agrees that specific enforcement of the Borrower's agreements contained in the Regulatory Agreement is the only means by which the Issuer may fully obtain the benefits of the Regulatory Agreement made by the Borrower therein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower thereunder.

The Trustee shall have the right, in accordance with this section and the provisions of the Indenture, without the consent or approval of the Issuer, but with the consent of the Lender, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Issuer under the Regulatory Agreement; provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action. After the Indenture has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified above to the same extent and with the same effect as if taken by the Trustee.

The Issuer and the Trustee agree that cure of any Event of Default made or tendered by any partner of the Borrower (which shall be the option of such partner and not an obligation) 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.

All reasonable fees, costs and expenses (including reasonable attorney's fees) of the Trustee and the Issuer incurred in taking any action pursuant to this section shall be the sole responsibility of the Borrower; provided, however, that in the event that any action arises hereunder in which the Borrower and the Trustee are adversaries, the prevailing party, if any, shall be entitled to recover legal fees and costs from the other party.

## **Requirements of CDLAC**

In addition to other requirements set forth in the Regulatory Agreement and to the extent not prohibited by the requirements set forth therein, the Borrower agrees to comply with each of the requirements of CDLAC set forth in this section, as follows:

(a) The Borrower shall comply with the CDLAC Resolution attached to the Regulatory Agreement as an exhibit and the CDLAC Conditions set forth in an exhibit attached thereto (collectively, the "CDLAC Conditions"), which conditions are incorporated in the Regulatory Agreement by reference and made a part thereof. The Borrower will prepare and submit to the Issuer, not later than May 1 of each year, until the Project is completed, and on May 1 every

three years thereafter until the end of the Qualified Project Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner. The Certificate of Compliance II for Qualified Residential Rental Projects shall be prepared pursuant to the terms of the CDLAC Conditions. Additionally, the Borrower will prepare and submit to the Issuer, a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project. Following the submission of the Certificate of Completion, the Borrower will prepare and submit to the Issuer, not later than May 1 every three years thereafter until the end of the Qualified Project Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time. Compliance with the terms of the CDLAC Conditions not contained within the Regulatory Agreement, but referred to in the CDLAC Conditions are the responsibility of the Borrower to report to the Issuer.

(b) The Borrower acknowledges that the Issuer and the Administrator shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Issuer will prepare and submit to CDLAC, not later than May 1 of each year, until the Project is completed, and on May 1 every three years thereafter until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Issuer in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in the Regulatory Agreement, the Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the Issuer, (iii) any change in the name of the Project or the Manager; (iv) any material default under the Indenture, the Financing Agreement or the Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Bonds, and the income and rental requirements as provided in the Regulatory Agreement and the CDLAC Conditions; or (v) termination of the Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time; that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform certain items contained in an exhibit attached to the CDLAC Conditions to any change in terms and conditions requested by Borrower, with the prior written consent of the Lender, which will not be unreasonably withheld, and approved by CDLAC. The Issuer may, in its sole and absolute discretion, require the Borrower enter into an amendment to the Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties thereto or their successor in title and duly recorded in the real property records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting

the revised CDLAC Conditions. Where the consent of the Lender is not required, the Borrower shall provide notice to the Lender of any revisions to the CDLAC Conditions.

Any of the foregoing requirements of CDLAC contained in this section may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this section shall, or shall be deemed to, extend to or affect any other provision of the Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this section shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act, the Housing Law or any other state or federal law.

### **Fannie Mae Rider**

The terms and conditions of the Fannie Mae Rider to Regulatory Agreement attached as an Exhibit to the Regulatory Agreement are incorporated therein and made a part thereof, and provide, among other things that none of the Issuer, the Trustee or any person under their control shall exercise any remedies or direct any proceedings under the Regulatory Agreement without the prior written consent of Fannie Mae other than to enforce rights of specific performance or injunctive relief under the Regulatory Agreement.

Reference is made in the Regulatory Agreement to the Fannie Mae Rider to Regulatory Agreement, which is attached to the Regulatory Agreement as an exhibit, and forms a part of the Regulatory Agreement.

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## APPENDIX E

### SUMMARY OF CERTAIN PROVISIONS OF THE ASSIGNMENT AND INTERCREDITOR AGREEMENT

*The Issuer, the Trustee and Fannie Mae will agree in the Assignment and Intercreditor Agreement to be entered into effective on the BCE Delivery Date (the "Assignment") upon their respective rights arising from an Event of Default under any of the Assigned Documents (defined below). The following is a brief summary of certain provisions of the Assignment. Capitalized terms used in this Appendix E and not otherwise defined will have the meanings given them in the Assignment and the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the anticipated form of the Assignment, a copy of which is on file with the Trustee. The anticipated form of the Assignment may change prior to the BCE Delivery Date.*

In the Assignment, the Issuer will irrevocably and absolutely assign, transfers, convey and deliver to Fannie Mae and the Trustee, but without recourse to the Issuer, all of the Issuer's right, title and interest in and to (i) the Note, the Security Instrument, each of the other Loan Documents, and the Financing Agreement (collectively, "Assigned Documents"), (ii) all the real and personal property described in the Assigned Documents and (iii) all proceeds, products, substitutions, additions and replacements of any collateral then or thereafter mortgaged, assigned or pledged under any of the Assigned Documents; in all cases whether now existing or arising in the future; provided, however, that the Reserved Rights of the Issuer are excepted from such assignment and transfer (collectively, "Assigned Rights"). In the Assignment, each Assignee acknowledges receipt of, and accepts, and shall hold, the Assigned Rights, as its interest may appear.

In the Assignment, the Borrower, the Issuer, Fannie Mae and the Trustee specifically agree that the Regulatory Agreement is not an Assigned Document; provided, however, that Fannie Mae, as a third-party beneficiary, shall have the right to enforce the Regulatory Agreement in accordance with the provisions of the Regulatory Agreement.

From and after the effective date of the Assignment, the Issuer shall not have, except with respect to the Reserved Rights, any right, power or authority to exercise any of the Assigned Rights or take any other action with respect to the Assigned Documents or the Assigned Rights, including waiving or releasing the Borrower from any default under any of the Assigned Documents, consenting to any amendment, supplement to, or restatement of any Loan Document and accelerating or otherwise enforcing payment or seeking other remedies with respect to the Loan.

In the event that, following a default under the Loan, the (i) Mortgaged Property is acquired by either or both of the Assignees, or their nominees, as a result of a foreclosure or the acceptance of a deed in lieu of foreclosure or comparable conversion of the Loan or other enforcement provisions of the Security Instrument, (ii) the Bonds are not redeemed with funds provided under the Credit Enhancement Instrument and (iii) Fannie Mae has any obligation under the Credit Enhancement Instrument and no Wrongful Dishonor exists, the Mortgaged Property shall be conveyed to Fannie Mae or its nominee, and all decisions thereafter with respect to the Mortgaged Property (including, without limitation, all decisions with respect to the management, operation, maintenance and sale of the Mortgaged Property — and the price and terms of such sale — the payment or contesting of real estate taxes, rebuilding or restoration after damage, destruction or taking, alterations, improvements, insurance coverage, litigation and conversion to a cooperative or condominium), shall be made solely by Fannie Mae.

If either (i) Fannie Mae has no further obligation under the Credit Enhancement Instrument and all obligations of the Borrower to Fannie Mae under the Credit Facility Documents and the other Borrower

Documents have been satisfied in full; or (ii) a Wrongful Dishonor occurs and continues for more than five Business Days after the Issuer or the Trustee gives written notice of such Wrongful Dishonor specifying such failure and requesting that it be remedied, the Assigned Rights shall transfer automatically to the Trustee, without any further action on the part of the Trustee or Fannie Mae. Fannie Mae shall promptly transfer possession of the original Note and the recorded Security Instrument and the other Assigned Documents to the Trustee. Fannie Mae shall also take such action and execute and deliver and facilitate the filing and recordation of such documents provided to Fannie Mae as may be reasonably necessary to evidence the transfer of the Assigned Rights to the Trustee and the assignment of the Assigned Documents to the Trustee. Fannie Mae's assignments to the Trustee pursuant to this section of the Assignment shall be without recourse or warranty except that Fannie Mae shall represent and warrant in connection therewith (i) that Fannie Mae has not previously endorsed or assigned any such documents or instruments and (ii) that Fannie Mae has authority to endorse and assign such documents and instruments.

As per the terms of the Assignment, each of Fannie Mae, the Loan Servicer, the Investor Limited Partner, and the Trustee shall have the right, but not the obligation, to cure any default by the Borrower under the Regulatory Agreement. Such cure may be made even after the Issuer's notice of declaration of an Event of Default under the Regulatory Agreement, provided, however, such cure right shall not affect any requirements of the Code and the Act. Fannie Mae shall have the additional right, but not the obligation, to cure any violation of the Regulatory Agreement by assumption of the management and operation of the Mortgaged Property, directly or through any Fannie Mae approved seller-servicer or a receiver under the Security Instrument. Any operation of the Mortgaged Property by Fannie Mae or its successors or assigns shall be in accordance with the Regulatory Agreement, but only so long as the Regulatory Agreement remains in effect.

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## APPENDIX F

### SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

*The following statements are a brief summary of certain provisions of the anticipated form of the Reimbursement Agreement to be executed and delivered effective as of the BCE Delivery Date. The summary does not purport to be complete, and reference is made to the anticipated form of Reimbursement Agreement for a full and complete statement of the provisions thereof. In addition, Fannie Mae shall have the right without the consent of, or notice to, the Trustee, the Issuer or the Bondholders, to amend, modify, change, add to or delete any of the provisions of the Reimbursement Agreement. Capitalized terms used in this Appendix F and not otherwise defined will have the meanings given them in the Reimbursement Agreement.*

The Credit Facility will be issued pursuant to the Reimbursement Agreement. The Reimbursement Agreement will obligate the Borrower, among other things, to reimburse Fannie Mae for funds advanced by Fannie Mae under the Credit Facility and to pay various fees and expenses. The Reimbursement Agreement will set forth various affirmative and negative covenants of the Borrower, some of which are more restrictive with respect to the Borrower than similar covenants contained in the Financing Agreement. The Reimbursement Agreement will also include various Events of Default, including, but not limited to, payment defaults, covenant defaults and cross-defaults to other documents, including in some cases other indebtedness.

Upon the occurrence of an Event of Default under the Reimbursement Agreement, Fannie Mae may, among other things, accelerate the Bonds and/or exercise any other rights or remedies available under any Transaction Document or take any other action, whether at law or in equity, without notice or demand, as it deems advisable to protect and enforce its rights.

The anticipated form of the Reimbursement Agreement may change prior to the BCE Delivery Date. In addition, the Reimbursement Agreement may be amended, supplemented, restated or terminated only by a written instrument or written instruments signed by the Borrower and Fannie Mae, and without receiving the consent of, or providing notice to, the Trustee, the Issuer or the Bondholders. Fannie Mae shall have the right, in its sole discretion, to waive any Event of Default under any Transaction Document. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

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## APPENDIX G

### FORM OF FANNIE MAE DIRECT PAY IRREVOCABLE TRANSFERABLE CREDIT ENHANCEMENT INSTRUMENT

**Immediate**  
**Fixed Rate to Maturity**  
**Direct Pay**

### DIRECT PAY IRREVOCABLE TRANSFERABLE CREDIT ENHANCEMENT INSTRUMENT

(MAISON'S SIERRA II)

[DATE]

U.S. Bank Trust Company, National Association, as Trustee

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At the request of Maison's Sierra Phase 2, LP, a California limited partnership ("Borrower"), Fannie Mae ("Fannie Mae") issues this direct pay irrevocable, transferable Credit Enhancement Instrument ("Credit Enhancement Instrument") to U.S. Bank Trust Company, National Association ("Trustee"), not in its individual or corporate capacity but solely as Trustee for the owners of \$[ ] aggregate principal amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025A ("Bonds") issued pursuant to the Trust Indenture ("Indenture") dated as of October 1, 2025, between the California Municipal Finance Authority, California joint powers agency duly organized and validly existing under the laws of the State of California ("Issuer"), and the Trustee.

1. Definitions. Capitalized terms used in this Credit Enhancement Instrument have the meanings given to those terms in this Section 1 or elsewhere in this Credit Enhancement Instrument.

"Advance" means a Debt Service Advance.

"Affiliate" as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

"Amount Available" has the meaning given that term in Section 2 of this Credit Enhancement Instrument.

"Assignment" means the Assignment and Intercreditor Agreement, dated as of [ ], [ ] by and among the Issuer, Fannie Mae and the Trustee, as their interests may appear, and acknowledged by the Borrower, as it may be amended, supplemented or restated from time to time.



“Business Day” means any day other than:

- (a) a Saturday or a Sunday;
- (b) any day on which the Federal Reserve Bank of New York is not open for business;
- (c) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close;
- (d) any day on which banking institutions located in the city or cities in which the Designated Office (as that term is defined in the Indenture) of the Trustee or the Loan Servicer is located are required or authorized by law or executive order to close; or
- (e) any day on which Fannie Mae is closed.

“Certificate” means any Electronic Certificate or Physical Certificate submitted to Fannie Mae pursuant to this Credit Enhancement Instrument.

“Covered Draw” means a Debt Service Advance.

“Credit Enhancement Advance” means a Debt Service Advance.

“Credit Enhancement Expiration Date” means, subject to Section 7(c) of this Credit Enhancement Instrument, the date the obligation of Fannie Mae to make Credit Enhancement Advances expires as provided in Section 7(a) of this Credit Enhancement Instrument, if not earlier terminated.

“Credit Enhancement Instrument” means this Direct Pay Irrevocable Transferrable Credit Enhancement Instrument as the same may be amended, supplemented or restated from time to time.

“Credit Enhancement Termination Date” means, subject to Section 7(c) of this Credit Enhancement Instrument, the date on which the obligation of Fannie Mae to make Credit Enhancement Advances terminates as provided in Section 7(b) of this Credit Enhancement Instrument.

“Debt Service Advance” has the meaning given that term in Section 3 of this Credit Enhancement Instrument.

“Electronic Certificate” means the electronic certificate to be submitted to Fannie Mae pursuant to the Electronic Submission System in order to request or demand a Covered Draw. Each Electronic Certificate submitted to Fannie Mae must be authenticated as required by the Electronic Submission System.

“Electronic Submission System” means the on line system operated by Fannie Mae to receive and process Electronic Certificates as such system may be enhanced or otherwise changed by Fannie Mae from time to time upon at least 30 days’ notice to the Trustee (or such shorter notice period as shall be satisfactory to the Trustee). As of the date of this Credit Enhancement Instrument, Fannie Mae’s Electronic Submission System is CESIR (Credit Enhancement Servicing and Investor Reporting) and the Electronic Submission System is represented by the manuals, instructions and other documentation provided by Fannie Mae to the Trustee from time to time with respect to the Electronic Submission System.

“Excluded Bond” means any Bond which is not Outstanding (as that term is defined in the Indenture), any Bond registered in the name of or otherwise owned, directly or indirectly, by the Borrower or any Affiliate of the Borrower.

“Initial Interest Payment Date” means \_\_\_\_\_ 1, 202\_.

“Interest Component” means the amount of an Advance which is made on account of interest on the Bonds.

“Interest Portion” has the meaning given that term in Section 2(b) of this Credit Enhancement Instrument.

“Interest Rate” has the meaning given that term in Section 2(b) of this Credit Enhancement Instrument.

“Loan” means the mortgage loan made by the Issuer to the Borrower with Bond proceeds.

“Loan Servicer” means initially Merchants Capital Corp., an Indiana corporation, or any other entity approved by Fannie Mae in its discretion as the servicer of the Loan, and any permitted successors or assigns.

“Note” means the Multifamily Note (together with all addenda thereto) dated the date hereof, executed by the Borrower in favor of the Issuer, as the same may be amended, supplemented or restated from time to time or any mortgage note executed in substitution therefor in accordance with the terms of the Bond Documents, as such substitute note may be amended, supplemented or restated from time to time.

“Note Maturity Date” means November 1, 2043.

“Physical Certificate” means any certificate in the forms attached to this Credit Enhancement Instrument as an exhibit or such other form as provided in Section 3 of this Credit Enhancement Instrument which is not to be delivered to Fannie Mae as an Electronic Certificate. Each Physical Certificate must be signed by one who purports to be an authorized signatory of the Trustee.

“Presentation Protocol” means an agreement between Fannie Mae and the Trustee regarding one or more media through which the Trustee may present Certificates to Fannie Mae under this Credit Enhancement Instrument, as such agreement may be amended, supplemented or restated from time to time.

“Principal Component” means the amount of an Advance which is made on account of the payment of principal of any of the Bonds.

“Principal Portion” has the meaning given that term in Section 2(a) of this Credit Enhancement Instrument.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of [\_\_\_\_], [\_\_\_\_], between Fannie Mae and the Borrower, as such agreement may be amended, supplemented or restated from time to time.

“Trustee” means U.S. Bank Trust Company, National Association, not in its individual or corporate capacity, but solely as trustee under the Indenture, or any permitted successor trustee under the Indenture.

2. Amount Available. Subject to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae irrevocably authorizes the Trustee to draw on Fannie Mae, from time to time, from and after the date of this Credit Enhancement Instrument to, and including, the earlier of the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date, a maximum aggregate amount not exceeding \$[ ] until and including the Initial Interest Payment Date and thereafter, \$[ ] (as such amount may be reduced or reinstated from time to time in accordance with Section 9 of this Credit Enhancement Instrument ("Amount Available"), of which:

(a) up to \$[ ] ("Principal Portion") may be drawn with respect to the unpaid principal of the Bonds; and

(b) (i) For the period to and including the Initial Interest Payment Date, up to \$[ ] or \_\_\_ days interest on the Bonds (calculated at a rate of \_\_\_% per annum) (the "Interest Rate") on the basis of a three hundred sixty (360) day year consisting of twelve 30-day months, and (ii) for any period after the Initial Interest Payment Date, ("Interest Portion"), up to \$[ ] or 183 days' interest on the Bonds (calculated at the Interest Rate) on the basis of a three hundred sixty (360) day year consisting of twelve 30-day months, may be drawn with respect to interest actually accrued on the Bonds.

3. Advances. Each demand for an Advance shall be made by the Trustee's presentation to Fannie Mae of a Certificate in accordance with this Section 3. Advances made to pay (i) principal of any Bond (other than Excluded Bonds) when due, or due as a result of acceleration, defeasance, redemption, stated maturity and on the Note Maturity Date and/or (ii) interest on any Bond (other than Excluded Bonds) on or prior to their stated maturity date ("Debt Service Advance"), are Covered Draws.

In no event shall the Principal Portion payable pursuant to this Section 3 exceed the original Principal Portion less the sum of the principal component of all Debt Service Advances paid by Fannie Mae under this Credit Enhancement Instrument.

In no event shall the Interest Portion payable pursuant to this Section 3 exceed the original Interest Portion less the aggregate of (A) the Interest Component of all Debt Service Advances which have not been reinstated in accordance with this Credit Enhancement Instrument, subject to the reinstatement of such amounts as set forth in this Credit Enhancement Instrument; and (B) all reductions of the Interest Portion due to any permanent reduction of the Principal Portion of the Amount Available.

Except when a Debt Service Advance may be presented to Fannie Mae in the form of a Physical Certificate as set out in Section 4(a)(3) of this Credit Enhancement Instrument, demands for Debt Service Advances must be made in the form of an Electronic Certificate. If a Debt Service Advance may be made in the form of a Physical Certificate, the demand must be made in the form of Exhibit A.

Any Certificate submitted to Fannie Mae by the Trustee shall have all blanks appropriately completed, applicable boxes checked and shall be signed or authenticated by one who states therein that he or she is an authorized signatory of the Trustee.

Neither demands for Advances, nor Advances, may be made under this Credit Enhancement Instrument to pay (i) principal of, or interest on any Excluded Bond, (ii) premium that may be payable upon the redemption of any of the Bonds, or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond.

4. Demand for an Advance. Each demand for an Advance shall be made as set forth below.

(a) Covered Draws.

- (1) Each demand for a Covered Draw must be made:
  - (A) through Fannie Mae's Electronic Submission System; or
  - (B) such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.
- (2) The submission via Fannie Mae's Electronic Submission System constitutes the official submission by the Trustee of a request or demand for funds for a Covered Draw hereunder.
- (3) A Covered Draw may be made by submitting a signed physical certificate only if, and to the extent that:
  - (A) Fannie Mae's Electronic Submission System is unavailable to the Trustee (i) during the entire Business Day immediately prior to the day when the submission via Fannie Mae's Electronic Submission System is due to be presented to Fannie Mae for timely payment by Fannie Mae of a Covered Draw under the terms of this Credit Enhancement Instrument; or (ii) if Fannie Mae's Electronic Submission System is unavailable at any time on the Business Day when the submission via Fannie Mae's Electronic Submission System is due to be presented to Fannie Mae for timely payment by Fannie Mae of a Covered Draw under the terms of this Credit Enhancement Instrument; or
  - (B) Fannie Mae otherwise consents in writing; or
  - (C) the Trustee and Fannie Mae agree to such other medium of presentation in a Presentation Protocol from time to time.
- (4) A Presentation Protocol may provide that the Trustee may not make a submission via Fannie Mae's Electronic Submission System after a stated date or may only submit Certificates by a stated electronic means after a certain date with the prior written permission of Fannie Mae.
- (5) By making a submission via Fannie Mae's Electronic Submission System, the Trustee represents and warrants to Fannie Mae with respect to such submission that:
  - (A) the Trustee is the Trustee under the Indenture for the holders of the Bonds;
  - (B) the Advance requested by submission via Fannie Mae's Electronic Submission System is a Covered Draw;
  - (C) upon receipt by the Trustee of the Advance, (A) the Trustee will apply the same directly for the purpose of the Covered Draw and (B) no portion of said amount shall be applied by the Trustee for any purpose other than for the Covered Draw;
  - (D) the amount of the Advance (A) does not exceed the maximum obligation of Fannie Mae then outstanding under this Credit Enhancement Instrument to pay principal and/or interest, as the case may be, on the date of submission and (B) was computed in accordance with the Bonds and the Indenture; and
  - (E) the proceeds of the Advance demanded by the submission will not be applied to defease, redeem or pay (whether at stated maturity or by acceleration) any Excluded Bond.

(6) Fannie Mae will notify the Trustee in writing if Fannie Mae's Electronic Submission System is no longer available for submission of Advances or if the email address for submission of physical Certificates changes. Any such written notice shall be effective upon receipt by the Trustee.

(b) Physical Certificates (Covered Draws Submitted Pursuant to Section 4(a)(3) of this Credit Enhancement Instrument).

(1) Each Physical Certificate must be given to Fannie Mae by:

(A) Telecopy to telecopy number (240) 699-3897 or (240) 699-3899 and email to MF\_Bond\_Credit\_Enhancement\_Team@fanniemae.com, immediately followed by telephonic notice to the Director, Multifamily Operations - Direct Pay Bonds at telephone number 703-833-3438 (which telephonic notice shall not be a condition to a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument for purposes of Section 5 of this Credit Enhancement Instrument); or

(B) Such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.

(2) Fannie Mae will notify the Trustee in writing of any change in telecopy number to which Physical Certificates must be delivered or of any change relating to the person, if any, to be called for telephonic notices confirming telecopy communications. Any such written notice shall be effective upon receipt by the Trustee.

(3) Fannie Mae may amend the form of any Physical Certificate or delete any of the information, statements and certifications set out in the form of any Physical Certificate to accommodate the sending of such Physical Certificate by a medium pursuant to a Presentation Protocol. No such amendment may (i) require any additional information, statement or certification than that required by such form of certificate attached to this Credit Enhancement Instrument on the date of issuance, or (ii) modify the timing for the presentation of such Certificate, and the payment thereof. No personal delivery of any Physical Certificate to Fannie Mae is permitted unless Fannie Mae otherwise agrees in writing.

5. Fannie Mae's Engagement. Upon due receipt by Fannie Mae of a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will honor payment of the amount specified in such Certificate if presented as specified below on or before the earlier of the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date:

(a) If a presentation in respect of a Debt Service Advance is made on or before the earlier of the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date:

(1) at or prior to 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 1:00 p.m. Eastern time on the next following Business Day.

(2) after 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 1:00 p.m. Eastern time on the second following Business Day.

6. Nonconforming Tender. If a demand for payment under this Credit Enhancement Instrument made by the Trustee does not conform to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will notify the Trustee of such lack of conformity within a reasonable time after delivery of such demand for payment, such notice to be promptly confirmed in writing to the Trustee, and Fannie Mae shall hold all documents at the Trustee's disposal or, at the Trustee's option, return the same to the Trustee.

7. Expiration and Termination: Credit Enhancement Advances.

(a) Credit Enhancement Expiration. Subject to subparagraph (c), the obligation of Fannie Mae to make Credit Enhancement Advances under this Credit Enhancement Instrument shall expire at 4:00 p.m. Eastern time on November 6, 2043 (the "Credit Enhancement Expiration Date").

(b) Termination Before Credit Enhancement Expiration Date. Subject to subparagraph (c), the obligation of Fannie Mae to make Credit Enhancement Advances under this Credit Enhancement Instrument shall automatically terminate prior to the Credit Enhancement Expiration Date on the first to occur of: (i) the making by Fannie Mae of an Advance that automatically and permanently reduces the Principal Portion to zero and (ii) Fannie Mae's receipt of a Certificate in the form of Exhibit B (which shall be conclusive evidence of the matters set forth therein). The date determined in the preceding sentence is the "Credit Enhancement Termination Date."

(c) Business Day Convention. In the event that any date on which the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date would otherwise occur is not a Business Day, such date shall be 4:00 p.m. Eastern time on the next following Business Day.

8. Expiration and Termination: Credit Enhancement Instrument.

(a) Expiration. This Credit Enhancement Instrument shall expire upon the Credit Enhancement Expiration Date.

(b) Termination Before Credit Enhancement Expiration Date. This Credit Enhancement Instrument shall automatically terminate prior to the Credit Enhancement Expiration Date on the Credit Enhancement Termination Date.

(c) Delivery. Upon the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date, whichever first occurs, the Trustee shall deliver this Credit Enhancement Instrument to Fannie Mae for cancellation.

9. Reduction and Reinstatement of Amount Available. The Amount Available shall be reduced or reinstated from time to time in accordance with this Section 9.

(a) Automatic Reduction on Making any Advance. The Amount Available shall be reduced automatically by the amount of each Advance paid by Fannie Mae, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit Enhancement Instrument. Each reduction shall be permanent or subject to reinstatement as provided in this Section 9. Such reduction shall be applied to the Principal Portion and the Interest Portion as appropriate for the Advance to which the reduction relates.

(b) Permanent Reduction for Principal Component of Debt Service Advance. The Principal Portion and Interest Portion shall be reduced automatically and permanently upon the making of any Debt Service Advance as follows:

(1) the Principal Portion will be reduced by the amount of the principal component of the Debt Service Advance; and

(2) the Interest Portion will be reduced by an amount equal to 183 days of interest (calculated at the rate of \_\_\_% per annum on the basis of a three hundred sixty (360) day year consisting of twelve 30-day months) on the amount of the related permanent reduction of the Principal Portion.

(c) Permanent Reduction on Notice from the Trustee. The Amount Available shall be reduced automatically by the amounts specified in any Certificate in the form of Exhibit C which is delivered to Fannie Mae. Such reduction shall be applied to the Principal Portion and the Interest Portion as set out in the Certificate.

(d) Reinstatement of Interest Portion for Debt Service Advance. Except for a permanent reduction of the Interest Portion under subsection (b)(2) or subsection (c) of this Section 9, the amount of the Interest Portion reduced by the Interest Component of a Debt Service Advance shall be reinstated immediately and automatically.

The Amount Available shall be reduced automatically by the amount of each Advance paid by Fannie Mae, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit Enhancement Instrument. Each reduction shall be permanent or subject to reinstatement as provided in this Section 9.

Upon any permanent reduction of the Amount Available, Fannie Mae may deliver to the Trustee a substitute Credit Enhancement Instrument in exchange for this Credit Enhancement Instrument, in an amount available equal to the then current Amount Available, but otherwise having terms identical to this Credit Enhancement Instrument.

10. Discharge of Obligations. Only the Trustee may demand an Advance under this Credit Enhancement Instrument. Upon payment to the Trustee of the amount specified in any Certificate presented under this Credit Enhancement Instrument, Fannie Mae shall be fully discharged of its obligation under this Credit Enhancement Instrument with respect to such Certificate and Fannie Mae shall not thereafter be obligated to make any further payment to the Trustee or any other person in respect of such Certificate for payment of principal of, purchase price of, or interest on any Bond.

11. Nature of Fannie Mae's Obligations. Fannie Mae's obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of this Credit Enhancement Instrument is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with this Credit Enhancement Instrument, and shall not be affected by any right of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer, the Trustee, the Borrower, the Loan Servicer or any other person.

Fannie Mae's obligations under this Credit Enhancement Instrument are primary obligations and shall not be affected by the performance or non-performance by the Issuer under the Indenture or the Bonds or by the Borrower under the Note or the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Issuer, the Trustee, the Borrower or Fannie Mae.

12. Transfer. This Credit Enhancement Instrument may be successively transferred in whole only to each successor Trustee under the Indenture. Any such transfer shall be effective upon receipt by Fannie

Mae of a signed copy of the instrument effecting such transfer signed by the transferor and by the transferee in the form attached as Exhibit D (which shall be conclusive evidence of such transfer). In each such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Credit Enhancement Instrument in the transferor's place.

13. Notices and Deliveries. All documents, notices and other communications, other than Certificates, shall be in writing and personally delivered to Fannie Mae at the address (and to the attention of the party) set out in the Indenture or may be sent to Fannie Mae by telecopy immediately followed by telephonic notice as set out in Section 4(b) of this Credit Enhancement Instrument, as such address, telephone and telecopy numbers and parties to whom such notices are sent are changed by Fannie Mae pursuant to Section 4 of this Credit Enhancement Instrument.

14. Governing Law. This Credit Enhancement Instrument shall be governed by the laws of the District of Columbia, including the Uniform Commercial Code as in effect in the District of Columbia, and by the laws of the United States of America, to the extent applicable.

15. Entire Credit Enhancement Instrument. This Credit Enhancement Instrument sets forth in full the terms of Fannie Mae's undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit Enhancement Instrument (including, without limitation, the Bonds) or in which this Credit Enhancement Instrument is referred to or to which this Credit Enhancement Instrument relates, except for (i) the Exhibits referred to in this Credit Enhancement Instrument and (ii) any Presentation Protocol, all of which shall be deemed fully incorporated into this Credit Enhancement Instrument as if fully set forth herein.



**FANNIE MAE, the corporation duly organized under the Federal National Mortgage Association Charter Act, as amended, 12 U.S.C. §1716 *et seq.*, and duly organized and existing under the laws of the United States**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A**  
**FORM OF**  
**CERTIFICATE FOR DEBT SERVICE ADVANCE**  
**DIRECT PAY**

Fannie Mae  
1100 15th Street, NW  
Washington, DC 20005  
Attention: Director, Multifamily Operations- Direct Pay Bonds

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ (“Credit Enhancement Instrument”)

\$[\_\_\_\_\_] aggregate principal amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025A (“Bonds”)

The undersigned, a duly authorized signatory of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) Demand for Advance. The Trustee demands an Advance in the amount of \$\_\_\_\_\_. This demand is composed of:

(Trustee: check applicable box or boxes)

- ☐ Interest Component: \$\_\_\_\_\_ under the Interest Portion of the Amount Available to be used to pay interest on the Bonds (other than Excluded Bonds) when due, or due as a result of the acceleration, defeasance, redemption, or stated maturity of the Bonds.
- ☐ Principal Component: \$\_\_\_\_\_ under the Principal Portion of the Amount Available to be used to pay principal of the Bonds (other than Excluded Bonds) when due, or due as a result of the acceleration, defeasance, redemption, or stated maturity of the Bonds.

(2) When the Advance Must be Made. If this demand for Advance is made:

(a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

(b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

(3) Where the Advance Must be Made. Please pay the Advance demanded by this Certificate to the Trustee at \_\_\_\_\_[specify account].

(4) Other Matters.

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(c) The proceeds of the Advance demanded by this Certificate will not be used to pay any Excluded Bond.

(5) Amount Available. (Trustee: Complete this Paragraph 5 only if this Certificate requests an Advance under the Principal Portion of the Amount Available.) Upon the payment of the Advance:

(a) The Amount Available shall be reduced automatically and permanently by \$[insert amount of reduction] of which:

(i) \$\_\_\_\_\_ is attributable to the Principal Portion; [and]

(ii) \$\_\_\_\_\_ is attributable to the Interest Portion[.][and]

(b) New Amount Available. The Amount Available will be \$\_\_\_\_\_, of which:

(i) \$\_\_\_\_\_ will be the Principal Portion; and

(ii) \$\_\_\_\_\_ will be the Interest Portion.

(c) The amount of the Advance demanded in Paragraph 1 for the Principal Component does not exceed the Principal Portion of the Amount Available on the date of this Certificate and (2) was computed in accordance with the Bonds, the Indenture and this Credit Enhancement Instrument.

(d) The amount of the Advance demanded in Paragraph 1 for the Interest Component does not exceed the Interest Portion of the Amount Available on the date of this Certificate and (2) was computed in accordance with the Bonds, the Indenture and this Credit Enhancement Instrument.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
as Trustee

By:\_\_\_\_\_

**Exhibit B**  
**FORM OF**  
**CERTIFICATE OF TERMINATION**

Fannie Mae  
1100 15th Street, NW  
Washington, DC 20005  
Attention: Director, Multifamily Operations- Direct Pay Bonds

Re: \$[ ] aggregate principal amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison's Sierra II), Series 2025A ("Bonds")

The undersigned, a duly authorized signatory of the undersigned as trustee ("Trustee"), certifies to Fannie Mae, with respect to the Credit Enhancement Instrument, that the Trustee is authorized to file this notice pursuant to the Indenture. Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

The undersigned certifies to Fannie Mae that none of the Bonds are Outstanding under the Indenture.

Pursuant to the Indenture we enclose the Credit Enhancement Instrument for cancellation.

Very truly yours,

\_\_\_\_\_

as Trustee

By: \_\_\_\_\_

Authorized Signatory

Dated: \_\_\_\_\_

By its execution hereof, Maison's Sierra Phase 2, LP, a California limited partnership ("Borrower") hereby certifies to Fannie Mae that all conditions precedent to the cancellation of the Credit Enhancement Instrument and substitution of an Alternate Credit Facility set forth in the Indenture and the Reimbursement Agreement have been satisfied and hereby joins in the Trustee's instructions to Fannie Mae to cancel the same.

[ ],  
a [ ]

By: \_\_\_\_\_  
Authorized Signatory

**Exhibit C**  
**FORM OF**  
**CERTIFICATE OF REDUCTION**

Fannie Mae  
1100 15th Street, NW  
Washington, DC 20005  
Attention: Director, Multifamily Operations- Direct Pay Bonds

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ (“Credit Enhancement Instrument”)

\$[\_\_\_\_\_] aggregate principal amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025A (“Bonds”)

The undersigned, a duly authorized signatory of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The aggregate principal amount of Bonds outstanding has been reduced to \$\_\_\_\_\_.
- (3) Effective on [insert date]:
  - (a) the Amount Available shall be reduced by \$\_\_\_\_\_, of which (i) \$\_\_\_\_\_ is a reduction of the Principal Portion and (ii) \$\_\_\_\_\_ is a reduction of the Interest Portion; and
  - (b) after such reduction, the Amount Available will be \$\_\_\_\_\_, of which (i) \$\_\_\_\_\_ will be the Principal Portion and (ii) \$\_\_\_\_\_ will be the Interest Portion.

By its execution hereof, Maison’s Sierra Phase 2, LP, a California limited partnership (“Borrower”) certifies to Fannie Mae that the Trustee is authorized to deliver this Certificate to Fannie Mae. The Borrower and the Trustee further certify that the amounts specified in Paragraph 3 have been determined in accordance with the terms and conditions of the Indenture and the Reimbursement Agreement.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee and the Borrower have executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

[\_\_\_\_\_] ,  
a [\_\_\_\_\_]

By: \_\_\_\_\_  
Authorized Signatory

**Exhibit D**  
**FORM OF**  
**CERTIFICATE FOR SUCCESSOR TRUSTEE**

Fannie Mae  
1100 15th Street, NW  
Washington, DC 20005  
Attention: Director, Multifamily Operations- Direct Pay Bonds

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ (“Credit Enhancement Instrument”)

\$[\_\_\_\_\_] aggregate principal amount of California Municipal Finance Authority  
Multifamily Housing Revenue Bonds (Maison’s Sierra II) Series 2025A (“Bonds”)

The undersigned, a duly authorized signatory of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

The Trustee transfers all rights in the Credit Enhancement Instrument to \_\_\_\_\_, subject to the terms and conditions of the Credit Enhancement Instrument. The Trustee certifies that the transferee is the successor Trustee under the Indenture referred to in the Credit Enhancement Instrument and such successor Trustee has been approved in writing by Fannie Mae. The transferee acknowledges below that it is the successor Trustee. Such successor Trustee has entered into a written agreement to be bound by the Assignment.

By this transfer, all rights of the undersigned Trustee in the Credit Enhancement Instrument are transferred to the transferee and the transferee shall have the sole rights as the beneficiary, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned.

Dated: \_\_\_\_\_

\_\_\_\_\_  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

The above signature of an officer or other authorized representative conforms to that on file with us. Said officer or representative is authorized to sign for said party.

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_ acknowledges that it is the successor to \_\_\_\_\_ as Trustee under the Indenture.

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Officer

## APPENDIX H

### FORM OF OPINION OF BOND COUNSEL

*Upon the issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:*

October \_\_, 2025

California Municipal Finance Authority  
Carlsbad, California

\$26,510,000\*

California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025A

and

\$5,090,000\*

California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025B  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the "Issuer") in connection with issuance of \$26,510,000\* aggregate face amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025A (the "Series A Bonds") and \$5,090,000\* aggregate face amount of California Municipal Finance Authority Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") issued on the date hereof. The Bonds are issued pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code, together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the "Act") and a Trust Indenture, dated as of October 1, 2025 (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Maison's Sierra II, LP, a California limited partnership (the "Borrower"), pursuant to a financing agreement, dated as of October 1, 2025 (the "Financing Agreement"), among the Issuer, the Trustee and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate and Agreements (the "Tax Certificates"), dated the date hereof, between the Issuer and the Borrower, the Funds Exchange Agreement (New Loan), dated the date hereof (the "New Exchange Agreement"), between the Issuer and the Trustee, the Funds Exchange Agreement (Repayment), dated \_\_\_\_\_, 2025 (the "\_\_\_\_\_ Repayment Exchange Agreement") between the Issuer and U.S. Bank National

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\* Preliminary; subject to change



Association, as successor to MUFG Union Bank, N.A., and the Funds Exchange Agreement (Repayment), dated \_\_\_\_\_, 2025 (the “\_\_\_\_\_ Repayment Exchange Agreement” and, together with the \_\_\_\_\_ Repayment Exchange Agreement, the “Repayment Exchange Agreement” and together with the New Exchange Agreement the “Funds Exchange Agreement”) between the Issuer and \_\_\_\_\_, certificates of the Issuer, the Borrower, the Trustee and others, opinions of counsel to the Issuer, the Borrower, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Issuer and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Financing Agreement, the Regulatory Agreement, the Funds Exchange Agreements and the Tax Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement, the Funds Exchange Agreements and the Tax Certificates and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Issuer in the State of California (the “State”). We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Financing Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is a joint exercise of powers agency, duly organized and validly existing under the laws of the State of California, and has the lawful authority to issue the Bonds.
2. The Bonds constitute the valid and binding limited obligations of the Issuer, payable solely from the Trust Estate pledged therefor under the Indenture.

3. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. The Bonds do not constitute a debt or liability of the Issuer, the State or any political subdivision thereof, or a pledge of the faith and credit of the State or any such political subdivision, other than the Issuer to the extent provided in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the exclusion from gross income of interest on the Bonds for any period such Bonds are held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities with respect to which the proceeds of the Bonds were used or is a “related person.” Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is exempt from State personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX I

### FORM OF CONTINUING DISCLOSURE AGREEMENT

**\$26,510,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025A**

**\$5,090,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025B**

This Continuing Disclosure Agreement, dated as of October 1, 2025 (this "Continuing Disclosure Agreement"), is executed and delivered by Maison's Sierra Phase 2, LP, a California limited partnership (the "Borrower"), and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent"), for the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of October 1, 2025 (the "Indenture"), between the California Municipal Finance Authority (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Pursuant to the Indenture and the Financing Agreement, dated as of October 1, 2025, among the Issuer, the Trustee and the Borrower (the "Financing Agreement"), the Dissemination Agent and the Borrower covenant and agree as follows:

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

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

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

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

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

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

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

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\* Preliminary; subject to change

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

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://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, 2025, 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, and 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;

(xvii) The Project's being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent;

(xviii) Delivery of the Credit Facility; and

(xix) Any extension of the BCE Delivery Date Deadline.

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), (xiv) and (xviii) 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) - (xix) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

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

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

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

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

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

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

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

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

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

failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

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

**Section 9. Provision of Quarterly Statements.** The Dissemination Agent shall, at the request of the Holders of the Bonds, furnish to the Holders of the Bonds, quarterly statements of the activity and assets held in each of the funds and accounts maintained by the Dissemination Agent in its capacity as Trustee under the Indenture. The Dissemination Agent shall satisfy this obligation by providing such quarterly statements via EMMA and/or an online system accessible to the Borrower and the Holders of the Bonds on each March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup>. The Dissemination Agent shall furnish such quarterly statements at the sole cost of the Borrower.

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

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

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

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

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



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

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

*If to the Borrower:*

Maison's Sierra Phase 2, LP  
c/o Ravello Holdings Inc.  
2007 Cedar Avenue  
Manhattan Beach, CA 90266  
Attention: Dilip K. Ram  
Email: pram@ravelloholdings.com

*If to the Dissemination Agent:*

U.S. Bank Trust Company, National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Corporate Trust Department  
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 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.

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.

**MAISON'S SIERRA PHASE 2, LP,**  
a California limited partnership

By: AHA High Desert II MGP, LLC,  
a California limited liability company,  
its Managing General Partner

By: Affordable Housing Access, Inc.,  
a California nonprofit public benefit corporation,  
its Manager

By: \_\_\_\_\_  
Vasilios Salamandrakis  
President

By: Ravello MODs Sierra Phase 2, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Ravello Holdings, Inc.,  
a California corporation,  
its Manager

By: \_\_\_\_\_  
Dilip K. Ram  
President

[Signatures continue on following page]

[Counterpart Signature Page to Continuing Disclosure Agreement]

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

By: \_\_\_\_\_  
Authorized Officer

## EXHIBIT A

### ANNUAL REPORT

**\$26,510,000\***  
**California Municipal Finance Authority**  
**Multifamily Housing Revenue Bonds**  
**(Maison's Sierra II) Series 2025A**  
**CUSIP: \_\_\_\_\_**

**\$5,090,000\***  
**California Municipal Finance Authority**  
**Multifamily Housing Revenue Bonds**  
**(Maison's Sierra II) Series 2025B**  
**CUSIP: \_\_\_\_\_**

**Annual report for the period ending December 31, \_\_\_\_\_**

### THE PROJECT

Name of the Project:	Maison's Sierra II
Address:	45635 Sierra Highway, Lancaster, CA 93534
Number of Units:	171

### 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].

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

<sup>1</sup> Excludes depreciation and other non-cash expenses.

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\* Preliminary; subject to change.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	_____ %
Economic Occupancy <sup>1</sup>	_____ %

<sup>1</sup> 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.

## 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: California Municipal Finance Authority

Name of Bond Issue: Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025A and  
Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025B

Name of Borrower: Maison's Sierra Phase 2, LP

CUSIP: \_\_\_\_\_ (Series 2025A)  
\_\_\_\_\_ (Series 2025B)

Date of Issuance: October \_\_, 2025

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: California Municipal Finance Authority

Name of Bond Issue: Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025A and  
Multifamily Housing Revenue Bonds (Maison's Sierra II) Series 2025B

Name of Borrower: Maison's Sierra Phase 2, LP

Name of Project: Maison's Sierra II

Address of Project: 45635 Sierra Highway, Lancaster, CA 93534

Date of Issuance: October \_\_, 2025

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of October 1, 2025, between the above-referenced borrower (the "Borrower") and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the "Project") is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

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

By: \_\_\_\_\_  
Authorized Officer

cc: Borrower

## EXHIBIT D

### FORM OF NOTICE OF PLACED IN SERVICE

**\$26,510,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025A**

**\$5,090,000\***

**California Municipal Finance Authority  
Multifamily Housing Revenue Bonds  
(Maison's Sierra II) Series 2025B**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the "Dissemination Agent") that the multifamily rental housing facility known as Maison's Sierra II (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of October 1, 2025, between the California Municipal Finance Authority (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, as further evidenced by the attached Certificate of Occupancy.

**MAISON'S SIERRA PHASE 2, LP,**  
a California limited partnership

By: AHA High Desert II MGP, LLC,  
a California limited liability company,  
its Managing General Partner

By: Affordable Housing Access, Inc.,  
a California nonprofit public benefit corporation,  
its Manager

By: \_\_\_\_\_  
Vasilios Salamandrakis  
President

By: Ravello MODs Sierra Phase 2, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Ravello Holdings, Inc.,  
a California corporation,  
its Manager

By: \_\_\_\_\_  
Dilip K. Ram  
President

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\* Preliminary; subject to change.



**ATTACHMENT**

**Certificate of Occupancy**