



Town of Paradise

5555 Skyway

Paradise, CA 95969

(530) 872-6291

February 24, , 2023

Caleb Roope, President & CEO

Eaglepointe Pacific Associates, a California Limited Partnership 420 E. State Street
Eagle, ID 83616

RE: Commitment of CDBG-DR MHP funds for Eaglepointe Apartments, 5975 Maxwell Drive, Paradise, CA.

Dear Mr. Roope:

The Town of Paradise, California, with offices at 5555 Skyway Road, Paradise, CA 95969, is issuing this Commitment Agreement dated February 24, 2023 to participate in the financing of the above-referenced Project. The attached Community Development Block Grant-Disaster Recovery Multifamily Housing Program (CDBG-DR MHP) Developer Commitment Agreement supersedes and replaces the terms and conditions of any and all previous conditional award letters, Agreements, and/or commitment letters issued by the Town in connection with this Project. The Developer Commitment Agreement lays out the requirements associated with this commitment, and the definitions provided in the Developer Commitment Agreement control the meaning of terms in this letter.

On June 10, 2022, the State of California, through whom the CDBG-DR MHP funds are allocated, approved an allocation of CDBG-DR MHP funding to Eaglepointe Pacific Associates for the Project and authorized the Town of Paradise to execute all documents related to this approval. The State of California is the CDBG-DR MHP program Grantee with HUD under whom the Town of Paradise is a subrecipient of these funds. The program is administered by the Housing and Community Department (HCD) for the State.

This letter will serve to set forth the commitment of The Town of Paradise to loan seven million, three hundred ninety thousand dollars (\$7,390,000) in CDBG-DR MHP funds to Eaglepointe Pacific Associates, a California Limited Partnership, in connection with the new development of 43 multi-family housing rental units located at 5975 Maxwell Drive, Paradise, California (All of APN's 053-380-001 through 053-380-044), subject to the terms and conditions contained in this letter and the attached Agreement. Forty-two (42) of the forty-three (43) units will be assisted with CDBG-DR MHP funds.

Sincerely,

Kevin Phillips, Town Manager
Town of Paradise

KP/KA/dh
Enclosures



CDBG-DR MHP Developer Commitment Agreement

This Agreement made and entered into by and between the Town of Paradise, California, acting by and through its Town Manager, with offices at 5555 Skyway Road, Paradise, CA 95969 ("TOWN") and Eaglepointe Pacific Associates, a California Limited Partnership located at 430 E. State Street, Suite 100, Eagle, ID 83616 ("OWNER").

WHEREAS the TOWN is a subrecipient of the State of California Department of Housing and Community Development ("HCD"), who is providing Community Development Block Grant-Disaster Recovery Multifamily Housing Program ("CDBG-DR MHP") funds from the United States Department of Housing and Urban Development ("HUD") to qualified applicants in accordance with the requirements of HCD's CDBG-DR MHP Program ("PROGRAM"); and

WHEREAS OWNER will own and operate the property, and is an affiliate of Pacific West Communities, Inc. ("PWC"), who is the applicant for a project more particularly described herein ("PROJECT") and the PROJECT developer. OWNER will enter into the Agreements required hereunder; and

WHEREAS, PWC has applied to the TOWN as evidenced by a completed Application, including all written responses, exhibits, attachments, addenda, and amendments pertaining thereto, (collectively, "APPLICATION"); and

WHEREAS, to ensure that the PROJECT will be constructed, used, and operated in accordance with these requirements, OWNER and the TOWN have agreed to enter into this CDBG-DR MHP PROJECT Commitment Agreement ("AGREEMENT").

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the TOWN and OWNER hereby contract and agree as follows:

I. PROJECT Summary and Important Contractual Dates

The PROJECT will be located at 5975 Maxwell Drive, Paradise, California, (see attached copy of appraisal demonstrating property value at time of purchase and copy of executed Land Purchase and Sale Agreement dated as of November 28, 2021 between PWC and Robert J. Arkenberg/The Arkenberg Family Trust, as assigned by PWC to OWNER pursuant to that certain Assignment of Land Purchase and Sale Agreement entered into substantially concurrently herewith (the "PSA") and description demonstrating legal boundaries and property at Exhibit A attached to the PSA) and consists of the acquisition and new construction of the PROJECT. This rental housing PROJECT will contain forty-three (43) units of rental housing, of which forty-two (42) units will be assisted with CDBG-DR MHP funds. The PROJECT will be developed by PWC; owned by OWNER; constructed by Pacific West Builders, Inc.; and managed by Cambridge Real Estate Services. The architect for the PROJECT will be SDG Architects; and the syndicator/investor for the LIHTC funding for this PROJECT is Key Community Development Corporation or its affiliate. Any changes to any of these responsible



entities or their partners, except the limited partner in accordance with the OWNER's partnership agreement, must be disclosed to, and approved by, The TOWN of Paradise during the term of the loan and throughout the full affordability period.

Important PROJECT Parameters and Dates

Description of Requirement or Event	Date or Amount
Number of total PROJECT units	Forty-three (43)
Number of CDBG-DR MHP assisted units	Forty-two (42)
Number of CDBG-DR MHP units affordable to 30% AMI households	Five (5)
Number of CDBG-DR MHP units affordable to 50% AMI households	Twenty-seven (27)
Number of CDBG-DR MHP units affordable to 60% AMI households	Ten (10)
Amount of TOWN CDBG-DR MHP funding	Seven million, Three hundred Ninety thousand dollars (\$7,390,000)
Total PROJECT budget	Eighteen million, Four hundred Seventy Eight thousand, Two hundred and Forty Seven dollars (\$18,478,247)
Acquisition of Property deadline	Within sixty (60) days of PROJECT closing
Construction start deadline	Within ninety (90) days of PROJECT closing
The TOWN of Paradise CDBG-DR MHP funding expenditure deadline	December 31, 2025
Construction completion deadline	October 31, 2025
PROJECT lease-up/closeout deadline	Within one year of PROJECT completion, no later than March 31, 2026 (unless extended by the TOWN in its reasonable discretion but in no event longer than eighteen months)

- II. The TOWN of Paradise is providing a portion of its allocation of CDBG-DR MHP funds to partially fund this PROJECT. CDBG-DR funds were appropriated by the federal government to the State of California on January 27, 2020 through 85 FR 4681 under Public Laws 115–254 and 116–20, Catalog of Federal Domestic Assistance Number 14.228. The California Department of Housing and Community Development (HCD) is the lead and Responsible Entity for administering the CDBG-DR funds allocated to the State of



California. The CDBG-DR MHP PROGRAM was developed by HCD, and the Town of Paradise is a subrecipient of funding through this PROGRAM. The CDBG-DR program is administered by HUD, and both the Federal regulations (Title I of the Housing and Community Development Act of 1974, as amended; 24 CFR Part 570; 2 CFR Part 200) and the State's CDBG-DR MHP PROGRAM regulations and requirements outlined in the HCD DR18 Disaster Recovery Multifamily Housing Program Policies and Procedures Manual must be followed in the development and operation of this PROJECT. CDBG-DR MHP Requirements

- A. CDBG-DR MHP funded Activities: CDBG-DR MHP funds will be used to support the following activities related to the purchase, improvement, and rental of property as affordable housing to households at or below eighty percent (80%) of the area median income (AMI) adjusted by household size. Five (5) of the CDBG-DR MHP assisted units will be provided as affordable rental housing to households at or below thirty percent (30%) of the AMI. No activity (including, but not limited to, property acquisition and construction) should take place until the execution of this AGREEMENT and the approved completion of the environmental review:

Eligible activity for which all CDBG-DR MHP funds will be used	Funding Amount
New construction of housing units	\$7,390,000

OWNER will be responsible for all costs incurred prior to obtaining an executed AGREEMENT.

- B. Affordable Rent Restrictions: OWNER must charge rents for the CDBG-DR MHP assisted units in accordance with Exhibit B and this Section II.B that do not exceed High HOME Rent Limits and Low HOME Rent Limits as published annually by HUD. High HOME Rent Limits shall apply to PROJECT units serving households at or below fifty percent (50%) of the area median income (AMI) in accordance with Section II.C of this Agreement. Low HOME Rent Limits shall apply to PROJECT units serving households at or below thirty percent (30%) of the area median income (AMI) in accordance with Section II.C of this Agreement. All rents listed must be adjusted for any utilities paid by the tenant using the approved Utility Allowance Schedule for the project.
1. The CDBG-DR MHP PROGRAM requires that the HOME Investment Partnership Program ("HOME") regulations regarding rents must be followed. Per these regulations at 24 CFR Part 92.252, HUD provides the maximum HOME rent limits, with adjustments for the number of bedrooms in the unit. These limits are adjusted annually by HUD, and it will be the responsibility of OWNER to ensure that rents do not exceed the applicable HOME rents ("AFFORDABLE RENTS") during the full affordability period. 100% of CDBG-DR MHP assisted units must be at or below the current, HUD established, High HOME rent, less tenant paid utilities (using an approved Utility



- Allowance Schedule). Current HOME rents for Chico, CA MSA are listed in Exhibit B, attached hereto, and updated annually by HUD/HCD.
2. The rent standards must be reduced if the tenant pays for utilities and documented with an approved Utility Allowance Schedule provided to the Town annually. This is because the calculation of these rent standards includes all utilities except telephone. Yet, in practice many utilities (water, heat, air conditioning, cooking gas, etc.) are not included in rents. Utility allowances provide a mechanism for adjusting the maximum allowable AFFORDABLE RENTS when the tenant pays some or all utilities.
 - a. OWNER must use the HUD Utility Schedule Model (HUSM) or the standard of the local housing authority to calculate tenant paid utilities and include an updated and completed model in their files and provide to the Town on an annual basis. The HUSM, along with instructions and other related data and information is found on the HUD.gov web page.
 - b. These utility calculations should then be used along with current allowable HOME rent limits to adjust the rents annually.
 3. OWNER cannot refuse to lease CDBG-DR MHP-assisted units to a certificate or voucher holder, as described in 24 CFR 92.252 (d).
- C. Tenant Requirements: The following requirements pertain to the lease of the housing units to eligible tenants:
1. Occupancy by Low Income Households:
 - a. Twenty-seven (27) of the units assisted with CDBG-DR MHP funds must serve households with incomes at or below fifty percent (50%) of the area median income (AMI), adjusted by household size, as defined below, throughout the full affordability period.
 - b. Five (5) of the units assisted with CDBG-DR MHP funds must serve households with incomes at or below thirty percent (30%) of the area median income (AMI), adjusted by household size, as defined below, throughout the full affordability period. Income must be calculated using an allowable methodology as outlined in the Technical Guide for Determining Income and Allowances for the HOME PROGRAM available on the HUD.gov web page.

Current Income Calculations for Butte County, CA (2022)								
Household Size	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
30% AMI	\$16,350	\$18,700	\$23,030	\$27,750	\$32,470	\$37,190	\$41,910	\$46,630
50% AMI	\$27,300	\$31,200	\$35,100	\$38,950	\$42,100	\$45,200	\$48,300	\$51,450
80% AMI	\$43,650	\$49,850	\$56,100	\$62,300	\$67,300	\$72,300	\$77,300	\$82,250



2. Period of Affordability: CDBG-DR MHP assisted units must meet the affordability requirements, including affordable rents and rental occupancy by income eligible tenants as described elsewhere in this document. These restrictions will be imposed for fifty five (55) years ("Period of Affordability"), following PROJECT completion (receipt of a Certificate of Occupancy). Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They will be imposed by a Deed Covenant. The TOWN will also conduct monitoring and inspections and will require recordkeeping and reporting requirements annually throughout the Period of Affordability. OWNER shall participate as requested by the TOWN and provide requested information and data to complete the process to the satisfaction of the TOWN, HUD and/or HCD.

OWNER shall execute, abide by, and record an Affordable Housing Restriction which will, among other things, restrict the use and occupancy of the PROJECT, as well as the PROJECT's rental rates for the Period of Affordability. OWNER hereby understands and agrees that all covenants and restrictions regarding the Affordable Housing Restriction must be covenants running with the land and will be binding on the OWNER, its successors in title, and subsequent owners of the PROJECT Site (except, upon due notice to the TOWN, the Affordable Housing Restriction must terminate upon foreclosure or OWNER's execution and delivery of a deed in lieu of foreclosure) during the Period of Affordability.

During the Period of Affordability, OWNER must comply with the following covenants regarding the CDBG-DR MHP Assisted Units:

- a. OWNER hereby covenants not to convert the newly constructed units in accordance with the PROJECT Plans for the applicable Period of Affordability to condominium ownership or any form of cooperative ownership or mutual housing that has a resale structure that does not enable the cooperative to maintain ten (10) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 60% of the area median income, twenty-seven (27) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 50% of the area median income, and five (5) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 30% of the area median income. OWNER further agrees that it must maintain the AFFORDABLE RENTS and Occupancy Standards required pursuant hereto.
- b. OWNER hereby covenants and agrees that OWNER will not discriminate against prospective tenants at the PROJECT on the basis of their receipt of, or eligibility for, housing assistance under any federal, state, or local housing assistance PROGRAM or, except for a housing project for elderly persons, on the basis that the tenants have a minor child or children who will be residing with them, for the applicable Period of Affordability.



- c. These covenants and those through the Affordable Housing Restriction must constitute mutual covenants running with the PROJECT Site during the applicable Period of Affordability and the TOWN must have the same right to invoke and enforce the provisions of this Article and all other relevant provisions of this AGREEMENT against all successive and future owners of the PROJECT Site, unless said future owner or owners must have acquired title to the PROJECT Site pursuant to a foreclosure action instituted by the TOWN or a foreclosure action under loan documents securing private financing.
- d. Covenant against Transfer of PROJECT Site: Except as otherwise permitted by the Loan Documents, during the Period of Affordability, OWNER, may not, without the prior written consent of the TOWN, which consent may be withheld in the TOWN's sole discretion, (a) include, or permit any other person or entity to include any real property that is part of the PROJECT Site in any other existing or proposed PROJECT or development, or (b) assign, convey or transfer any such real property to any individual or entity, or agree to make such assignment, conveyance or transfer. The prohibition contained in this Section must apply to any such real property, whether or not CDBG-DR MHP Funds were or will be spent on the real property, and whether or not the other existing or proposed PROJECT or development will be financed in whole or in part by CDBG-DR MHP Funds. By way of example, but not limitation, this Section applies to any AGREEMENT by the OWNER of the PROJECT to convey a vacant lot that is part of the PROJECT Site and that is not improved as part of the PROJECT.
- e. No conversion of the rental units to homeowner units or sale of these units may occur during the term of the Period of Affordability.
- f. OWNER hereby covenants that the determination of whether a household meets the income requirements set forth herein must be made by the OWNER, at the time of leasing of a unit in the PROJECT and thereafter at least annually on the basis of the current income of such household. OWNER hereby covenants and agrees that the OWNER will maintain this data and must, upon reasonable notice and during normal business hours, give access to it and all books, accounts, reports, files, and other papers or property of OWNER pertaining to the TOWN CDBG-DR MHP Loan to the inspector General of HUD, the Comptroller General of the United States, the TOWN, or any of their duly authorized representatives for the purpose of making surveys, audits, examinations, excerpts, and transcripts.
- g. All property leases with tenants must be for a period of at least one (1) year, unless a shorter term is requested by tenant in writing and agreed to by OWNER. A copy of the lease must be made available to the TOWN upon request and must not contain any of the following prohibited clauses.



- i. Agreement to be sued: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the OWNER in a lawsuit brought in connection with the lease.
- ii. Treatment of property: Agreement by the tenant that the OWNER may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.
- iii. Excusing OWNER from responsibility: Agreement by the tenant not to hold the OWNER or the OWNER's agents legally responsible for any action or failure to act, whether intentional or negligent.
- iv. Waiver of notice: Agreement by the tenant that the OWNER may institute a lawsuit without notice to the tenant.
- v. Waiver of legal proceedings: Agreement by the tenant that the OWNER may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- vi. Waiver of a jury trial: Agreement by the tenant to waive any right to a trial by jury.
- vii. Waiver of right to appeal court decision: Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court, a court decision in connection with the lease.
- viii. Tenant chargeable with cost of legal actions regardless of outcome: Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the OWNER against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- ix. Termination clauses: Agreement by the tenant that allows termination without a 30-day notice and for other than repeated violation of the terms and conditions of the lease; violation of applicable federal, state, or local law; completion of the tenancy period for transitional housing or for other good cause.
- h. The OWNER shall not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with CDBG-DR MHP funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the OWNER must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.



- i. The OWNER must adopt written tenant selection policies and criteria, as provided in Exhibit E, that:
 - i. are consistent with the purpose of providing housing for very low-income and low-income households;
 - ii. are reasonably related to PROGRAM eligibility and the applicants' ability to perform the obligations of the lease.
 - iii. provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
 - iv. give prompt written notification to any rejected applicant of the grounds for any rejection.
- D. Conditions on acquisition/construction activity: OWNER must not take title until after the environmental review has been completed and approved by the TOWN and HCD for this PROJECT and a release of funds has been issued. Construction may not take place until a PROJECT closing has been held with the TOWN, all needed documents have been executed, and a notice to proceed has been issued by the TOWN.

This PROJECT must be constructed and operated in conformance with all requirements of the environmental site assessment and HCD approved environmental review and all required compliance with special conditions have been implemented (i.e. WUI, Broadband, Energy Efficiency).
- E. Relocation: All properties acquired for this PROJECT must be vacant prior to the initiation of the PROJECT and remain vacant through the execution of this AGREEMENT. OWNER must adhere to federal requirements related to acquisition, displacement and relocation found at 49 CFR Part 24 (the Uniform Relocation Assistance and Real Property Acquisition Act).

Per the Federal Register Notice, no funds allocated to a CDBG-DR funded project may be used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use as defined in 83 FRN 40314.
- F. Applicable Laws: OWNER agrees to abide by any and all federal, state, and TOWN laws, codes, ordinances, rules, and regulations applicable to the PROJECT, whether presently existing or hereafter promulgated, including without limitation environmental laws, building codes, land use, and zoning codes.
- G. Uniform Administrative Requirements: OWNER acknowledges that TOWN must comply with all applicable provisions of Title 2, Subtitle A, Chapter II, PART 200— UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS contained in Title 2 CFR § 200 et seq.



- H. Religious and Political Activities: OWNER is prohibited from using funds provided by the Financing Loan or personnel employed in the administration of the PROGRAM for sectarian or religious activities, lobbying, political patronage and/or nepotism activities. OWNER further agrees that no funds provided, nor personnel employed under this AGREEMENT, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code (Hatch Act), 24 CFR Section 570.207(a)(3), or 24 CFR Section 570.200(j).
- I. Section 3 of the Housing and Urban PROJECT Act of 1968: OWNER agrees to comply with the provisions of Section 3 of the Housing and Urban PROJECT Act of 1968 (12 U.S.C. §1701u) and implementing regulations contained in 24 CFR Part 75 regarding economic opportunities for low- and very low-income persons. OWNER shall also keep records demonstrating compliance with the foregoing regulations, including without limitation the provisions of 24 CFR Section 570.506(g)(5). In addition, OWNER agrees to comply with the following requirements:
1. To prepare and utilize a Section 3 Plan for the TOWN in compliance with HUD.
 2. To designate a Section 3 Coordinator and provide data to the TOWN per required manual provide by the TOWN.
 3. To take affirmative steps to follow the Section 3 Plan, document those efforts and provide required data and information to the TOWN.
 4. To include a Section 3 Clause and the Contractor Certification of Efforts to Fully Comply with Employment and Training Provision of Section 3 in any construction contract in excess of \$100,000 and in compliance with the TOWN plan and manual provided.
- J. Minority and Women Business Enterprise (M/WBE): Per 2 CFR 200.321, Subrecipients, contractors, and/or Developers must take all necessary affirmative steps to ensure that minority business, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include:
1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists
 2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources
 3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises
 4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises
 5. Using the services and assistance, as appropriate, of such organizations as the SBA and the Minority Business Development Agency of the Department of Commerce



6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) above.

As a subrecipient to the State, the TOWN will be required to collect information from all contractors and Developers and report all contracts and subcontracts awarded to minority businesses, women's business enterprises and labor surplus area firms to the TOWN on an annual basis. OWNER agrees to comply with these requirements, and to collect information needed for reporting to the TOWN in compliance with HCD.

- K. Affirmative Marketing: OWNER shall conduct affirmative marketing and minority outreach activities in compliance with 24 CFR 92.351 in the leasing of units in this PROJECT, and all other PROJECT activities.

Developers advertise Projects and units to fill vacant units or to develop a waiting list of interested applicants for the subsidized housing. Affirmative Marketing involves special outreach and advertising efforts designed to communicate the availability of CDBG-DR MHP assisted housing to those groups or individuals who might otherwise be unlikely to apply. Those groups are identified through analysis of local housing market area demographics using statistics readily available from the U.S. Census Bureau and determining appropriate advertising and outreach efforts to be followed by Developers to reach out to those least likely to apply for the housing opportunity. Affirmative marketing efforts must begin at least 90 days prior to initial or renewed occupancy for new construction and Substantial Rehabilitation Projects, respectively.

HCD has determined that in addition to the required demographic analysis, individuals and families that were impacted by the disasters, low-income immigrants, persons with limited English proficiency, and Section 8 Housing Choice Voucher holders are least likely to apply. Examples of renters impacted by the disasters include renters that have lost rental units or have been displaced due to the impacts of DR-4382 and DR-4407.

- L. Equal opportunity, Non-Discrimination, and Fair Housing: OWNER shall not, on the grounds of race, color, religion, national origin, ethnicity, familial status, sexual orientation, or gender, exclude any person from participation in, or deny any person the benefits of, or subject any person to discrimination with respect to, any part of the PROJECT. OWNER shall at all times comply with the following requirements:
 1. Title VI of the Civil Rights Act of 1964: This act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination based on race, color, and/or national origin under any program or activity receiving federal financial assistance.
 2. Title VII of the Civil Rights Act of 1968 (The Fair Housing Act): This act prohibits discrimination in housing on the basis of race, color, religion, sex and/or national origin. This law also requires actions which affirmatively promote fair housing.



3. Restoration Act of 1987: This act restores the broad scope of coverage and clarifies the application of the Civil Rights Act of 1964. It also specifies that an institution which receives federal financial assistance is prohibited from discriminating on the basis of race, color, national origin, religion, sex, Disability or age in a program or activity which does not directly benefit from such assistance.
4. Section 109 of Title 1 of the Housing and Community Development Act of 1974 [42 U.S.C. 53091]: This Section of Title 1 provides that no person shall be excluded from participation (including employment), denied program benefits, or subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title 1 of the Act.
5. The Fair Housing Amendment Act of 1988: This act amended the original Fair Housing Act to provide for the protection of families with children and people with disabilities, strengthen punishment for acts of housing discrimination, expand the Justice Department jurisdiction to bring suit on behalf of victims in federal district courts, and create an exemption to the provisions barring discrimination on the basis of familial status for those housing developments that qualify as housing for persons age 55 or older
6. The Age Discrimination Act of 1975: This act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance. Effective January 1987, the age cap of 70 was deleted from the laws. Federal law preempts any State law currently in effect on the same topic including: KRS 18A.140; KRS 344.040; 1 01 KAR 1 :350 Paragraph 11; 1 01 KAR 1 :375 Paragraph 2(3); 101 KAR 2:095 Paragraphs 6 and 7.
7. Section 504 of the Rehabilitation Act of 1973: It is unlawful to discriminate based on Disability in federally assisted programs. This Section provides that no otherwise qualified individual shall, solely by reason of his or her Disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funding assistance. Section 504 also contains design and construction accessibility provisions for multi-family dwellings developed or substantially rehabilitated for first occupancy on or after March 13, 1991.
8. The Americans with Disabilities Act of 1990 (ADA): This act modifies and expands the Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a Disability" in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment.



9. Executive Order 11063: This executive order provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in housing and related facilities provided with federal assistance and lending practices with respect to residential property when such practices are connected with loans insured or guaranteed by the federal government.
 10. Executive Order 11259: This executive order provides that the administration of all federal programs and activities relating to housing and urban development be carried out in a manner to further housing opportunities throughout the United States.
 11. The Equal Employment Opportunity Act: This act empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in federal court against private sector employers after the EEOC has investigated the charge, found "probable cause" of discrimination, and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings federal, state, and local governments under the Civil Rights Act of 1964.
 12. The Uniform Guidelines on Employee Selection Procedures adopted by the Equal Employment Opportunity Commission in 1978: This manual applies to employee selection procedures in the areas of hiring, retention, promotion, transfer, demotion, dismissal, and referral. It is designed to assist employers, labor organizations, employment agencies, licensing and certification boards in complying with the requirements of federal laws prohibiting discriminatory employment.
 13. The Vietnam Era Veterans' Readjustment Act of 1974 (revised Jobs for Veterans Act of 2002): This act was passed to ensure equal employment opportunity for qualified disabled veterans and veterans of the Vietnam War. Affirmative action is required in the hiring and promotion of veterans.
 14. Executive Order 11246: This executive order applies to all federally assisted construction contracts and subcontracts. It provides that no person shall be discriminated against on the basis of race.
- M. Duplication of Benefits: OWNER understands and agrees to comply with the Duplication of Benefits requirements of CDBG-DR, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) (Stafford Act) and Federal Register Notice published June 20, 2019 (84 FR 28836).
- N. Article XXXIV: This CDBG-DR MHP funded PROJECT must be in compliance with article XXXIV, section 1 of the California Constitution ("Article XXXIV"), or that it falls within one or more of the statutory carveouts set forth by California's Public Housing Election Implementation Law (PHEIL) (Health & Saf. Code, §§ 37000 – 37002). For instance, some Projects will be exempt from Article XXXIV on the basis of Health and Safety Code section 37001, subdivision (f), because they consist of the "replacement" of "dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households.



- O. Construction Wage Related Requirements: OWNER agrees to comply with the TOWN issued documents related to Labor Compliance for the project which includes is but not limited to the following.
1. Contract Work Hours and Safety Standards Act: OWNER agrees to comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §327-333), as supplemented by the Department of Labor regulations contained in 29 CFR Part 5.
 2. Prevailing wages: The PROJECT meets the federal prevailing wage threshold of 8 or more CDBG-DR MHP assisted units and may also be subject to State prevailing wage requirements. OWNER agrees to comply with such prevailing wage requirements. The federal requirements can be found at 2 CFR 200 Appendix II (D); 29 CFR Parts 1, 3,5,6, and 7. OWNER will make the records of compliance with prevailing wage requirements available to TOWN, as required pursuant to the issued manual for compliance.
 3. Copeland "Anti-Kickback" Act: OWNER agrees to comply with the Copeland "Anti-Kickback" Act (18 U.S.C. §874) as supplemented by the Department of Labor regulations contained in 29 CFR Part 3.
- P. Resident Aliens: OWNER agrees to comply with the requirements set forth in 24 CFR Section 570.613 regarding eligibility restrictions for certain resident aliens.
- Q. Debarment and Suspension: In connection with this PROJECT, OWNER shall comply with the debarment and suspension requirements set forth in 24 CFR Part 5 and 24 CFR Part 24. OWNER shall not enter into a contract with any person, agency or entity that is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 or 12689. In the event that OWNER has entered into a contract or subcontract with a debarred or suspended party, no CDBG-DR MHP funds will be provided as reimbursement for the work done by that debarred or suspended contractor or subcontractor. All contractors must provide an active registration under the Sam.gov site prior to entering into a contract for the project.
- R. Historic Preservation: To the extent applicable, OWNER agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the PROJECT.
- S. CDBG-DR MHP PROGRAM Mandatory Acknowledgements: OWNER will sign and abide by the "Lobbying Certification", Exhibit C; and "Conflict of Interest Certification" Exhibit D; at the end of this document, and with the related federal provisions.

III. **Scope of PROJECT**

- A. Preconstruction and Other PROJECT Costs: OWNER shall pay all costs and expenses incurred in connection with this PROJECT, whether or not the Closing occurs, including by



way of illustration and not limitation recording fees, title insurance costs related to the title policy in favor of the TOWN, escrow fees, flood zone determination fees, survey fees, appraisal costs, environmental and historic property review, and site inspection fees. This obligation shall survive any termination, avoidance, or cancellation of this Commitment AGREEMENT.

- B. Construction: In all work under this contract, OWNER must adhere to all applicable federal, state, and local laws, codes, zoning, and other requirements relating to construction and housing safety, quality, and habitability.

1. New construction must meet all requirements of the TOWN Building Department and the applicable California Building Codes.

OWNER is responsible for managing work quality and flow, change orders, construction delays, and cost over-runs in an efficient manner. The quality of units upon completion, must meet the TOWN's Standards, in order to be accepted. The TOWN reserves the right to inspect unit quality at any time during or following the construction process.

- C. Accessibility: OWNER shall comply with Section 504 of the Rehabilitation Act of 1973, and the implementing regulations contained in 24 CFR Part 8. The PROJECT shall be accessible to and usable by individuals with handicaps, in compliance with the Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157), the Uniform Federal Accessibility Standards, as set forth in 24 CFR Section 570.614, and the Americans with Disabilities Act of 1990.
- D. Green Building and Energy Efficiency: The TOWN requires OWNER to meet all State requirements regarding green building and energy-efficiency improvements in all CDBG-DR MHP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. This PROJECT is expected to meet all energy efficiency requirements as stated in the California Building Code and to meet CALGreen requirements.

As a mandatory standard, this PROJECT is required to follow CALGreen requirements for construction permits and approvals. OWNER shall ensure CALGreen compliance in the Project plans and in the constructed development at construction close out, and shall provide records to TOWN verifying compliance, as requested.

- E. Permits: OWNER agrees to obtain and maintain all necessary permits for intended improvements or activities for the PROJECT, and for the operation of the PROJECT. Evidence of having secured all necessary permits (or will issue letters from the Town subject only to the payment of fees) shall be provided to the TOWN prior to PROJECT closing.
- F. Replacement Reserves: OWNER will execute a Replacement Reserve Agreement at the time of PROJECT Closing and will establish and maintain a Replacement Reserve Fund in accordance with the Replacement Reserve Agreement. OWNER will be responsible to annually (or monthly, at the discretion of OWNER) deposit funds for capital improvements to the property into the reserve, according to requirements outlined in the Replacement



Reserve Agreement. The more stringent of the TOWN's or the permanent lender's replacement reserve requirements will govern the OWNER's reserve requirements.

- G. Lease-up and Management of Property: OWNER is responsible for timely lease-up of the PROJECT, within the parameters outlined in this AGREEMENT, and is responsible for all facets of PROJECT management, including, but not limited to leasing, upkeep, maintenance, settling of disputes, recordkeeping, reporting, and payment of all related expenses and debts.

IV. CDBG-DR MHP Funding Information

Financing Terms: CDBG-DR MHP funding is being made available by the TOWN as a PROJECT Financing Loan ("CDBG-DR MHP Loan") to OWNER and may be used for both construction and permanent financing. A Deed of Trust, Promissory Note, two CDBG-DR MHP Regulatory Agreements, a Replacement Reserve Agreement, and other closing documents, as required, shall be provided to OWNER prior to PROJECT closing. OWNER shall sign the Replacement Reserve Agreement and a lien shall remain on the property for the full term of the Period of Affordability.

A. Loan Terms: This loan will have the following terms.

1. Loan will have a zero percent (0%) interest rate.
2. The total term of the loan will be fifty-five (55) years, as determined by the required Period of Affordability and the TOWN.
3. Collateral will be a subordinate (2nd) mortgage in favor of the TOWN for the term of the Period of Affordability.
4. Payments will not be required as long as the project remains in compliance.
5. OWNER will be the loan recipient.
6. The Loan shall be secured by two CDBG-DR MHP written regulatory agreements, a deed of trust, and evidenced by a promissory note.
7. The balance of the loan shall be repaid in full upon any default of any agreement referenced in this document, refinancing, sale, or transfer of the property during the term of the loan (other than for purposes of tax credit syndication or as a result of a foreclosure by a senior lender), unless the TOWN agrees to allow the loan obligations to transfer to a new owner.
8. Full repayment of the loan will also be required if the PROJECT goes into default of the AGREEMENT or CDBG-DR MHP regulatory agreement after the passage of applicable notice and cure periods.

NOTE: The loan term and affordability period does not begin until the PROJECT is complete and eligible tenants occupy the assisted units. The CDBG-DR Regulatory Agreement will be executed by the OWNER, in favor of the TOWN of Paradise in connection with the



TOWN of Paradise CDBG-DR MHP Loan that will govern the affordability of the PROJECT, to be executed as of the date of closing and to be recorded with the Butte County Recorder's Office as it may be amended from time to time. The CDBG-DR Regulatory Agreements shall survive any other agreements or changes in property ownership and shall remain in place for the full fifty-five (55) year Period of Affordability, regardless of loan payoff.

V. Responsibilities of OWNER

- A. Tasks to be Performed: The tasks to be performed are the development and management of affordable residential rental property, including acquisition, new construction, lease up, and property management. PROJECT documents required of OWNER by TOWN prior to closing, including the application for funding, those described in this section, and those listed in Attachment A to the Conditional Reservation Letter will be a part of this AGREEMENT, by reference.
- B. OWNER shall be responsible for all management functions of the multifamily housing development including construction, rehabilitation, maintenance, selection of the tenants, annual recertification of Household income and size, and managing the units in accordance with program requirements.
- C. OWNER is responsible for all repair and maintenance functions of the multifamily housing development, including ordinary maintenance and replacement of capital items. OWNER shall ensure maintenance of residential units, commercial space, and common areas in accordance with local health, building, and housing codes, TOWN inspection and repair requirements and the management plan.
- D. OWNER shall ensure that the Project is managed by an entity approved by TOWN that is actively in the business of managing affordable housing. Any management contract entered into for this purpose shall be subject to TOWN approval and contain a provision allowing OWNER to terminate the contract upon 30-days' notice. **OWNER shall terminate said contract as directed by TOWN upon determination that management does not comply with program requirements.**
- E. OWNER shall develop a management plan subject to TOWN approval prior to the start of construction. Any change to the plan shall be subject to the approval of TOWN. The plan shall be consistent with program requirements and should include the following:
 - 1. The role and responsibility of OWNER and its delegation of authority.
 - 2. Personnel policy and staffing arrangements.
 - 3. Plans and procedures for publicizing and achieving early and continued occupancy.
 - 4. Procedures for determining tenant eligibility and selecting tenants and for certifying and annually recertifying Household income and size.



5. Plans for carrying out an effective maintenance and repair program.
 6. Rent collection policies and procedures.
 7. A program for maintaining adequate accounting records and handling necessary forms and vouchers.
 8. Plans for enhancing tenant-management relations.
 9. The management agreement, if any.
 10. Provisions for periodic update of the management plan.
 11. Appeal and grievance procedures.
 12. Plans for collections for tenant-caused damages, processing evictions and terminations.
 13. A supportive services plan for Projects serving Special Needs Populations, including Supportive Housing and/or providing Supportive Services to the general tenant population.
- F. Plans and Specifications: Thirty (30) days prior to closing, OWNER is to provide to the TOWN a copy of the PROJECT plans and specifications, in electronic format (PDF) including Architectural, Mechanical, Electrical and Plumbing specifications. Plans must be certified by the development architect to be 90% percent complete or better and include dimensions. Units must meet all CDBG-DR MHP requirements, applicable CalGreen and Wildlands-Urban Interface requirements, and the agreed upon design and accessibility requirements, as outlined in the final APPLICATION to the TOWN and in this AGREEMENT. The plans and specifications must be approved by the TOWN prior to PROJECT closing.
- In accordance with the Federal Register Notice requirement to support the adoption and enforcement of modern and/or resilient building codes and mitigation of hazard risk, structures located in any Fire Hazard Severity Zone within State Responsibility Areas, any Local Agency Very-High Fire Hazard Severity Zone, or any Wildland Urban Interface Fire Area designated by the enforcing agency must comply with WUI codes, found in Title 24, Chapter 7a of the California Building Code, which offer specific material, design and construction standards to maximize ignition- resistance.
- G. Broadband Infrastructure. Per 83 FRN 40314, any Substantial Rehabilitation or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where the Subrecipient documents that: 1) The location of the new construction or Substantial Rehabilitation makes installation of broadband infrastructure infeasible; 2) The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or 3) The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.



- H. Construction Schedule: OWNER is to provide the TOWN with a detailed and final construction schedule by trade, and a lease up schedule for this PROJECT, thirty (30) days prior to closing.
- I. PROJECT Budget: OWNER is to provide the TOWN with a detailed and final development, construction, and operating budget for this PROJECT, including all sources and uses, twenty (20) days prior to closing.
- J. Commitments of other Funding Sources: OWNER is to provide to the TOWN letters of commitment for all PROJECT funds, including funding amounts and specifying all key business terms thirty (30) days prior to PROJECT closing. OWNER shall also identify any and all key conditions that need to be satisfied before each funder will be willing to close.
- K. Construction Contract: OWNER must provide the TOWN with a fixed fee construction contract or contracts acceptable to the TOWN and its legal counsel thirty (30) days prior to the closing of the TOWN CDBG-DR MHP Loan, indicating a total construction contract cost, which is determined by the TOWN, in the exercise of its sole discretion, to be reasonable for the PROJECT.
- L. Deadlines: OWNER must take title (in the case of acquisition) and have a fully executed construction contract for the PROJECT by March 31, 2023. Construction may not take place until a PROJECT closing has been held with the TOWN, all needed documents have been executed, and a notice to proceed has been issued by the TOWN. Construction shall begin within ninety (90) days of PROJECT closing, and within six (6) months of an execution of this PROJECT commitment. PROJECT construction should follow the construction schedule, including TOWN approved milestones associated with the acquisition, development, and lease-up of the units, and demonstrate progress toward this deadline by reaching milestones on the approved schedule. Due to strict federal and State deadlines, projects that do not reach milestones in a timely manner will be subject to rescission of CDBG-DR MHP funding.
- M. Guarantees/Insurance: The contractor completing the construction work will be required to secure, and provide to the TOWN prior to closing, copies of all Guarantees provided to the equity investors for this PROJECT. This will be accepted in lieu of a Payment and Performance Bond for 100% of the construction contract. In addition, the contractor must carry adequate liability and hazard insurance for this PROJECT. Evidence of each must be provided to the TOWN of Paradise prior to PROJECT closing.
- N. Cost certification: A third-party cost certification for this PROJECT is required. An independent accountant will be required to conduct a complete audit of the development and construction costs of this PROJECT. This cost certification should include original signatures from the accountant who prepared the forms, the OWNER, and the general contractor for the PROJECT. Receipt of a copy of the cost certification delivered to the California Tax Credit Allocation Committee by TOWN from OWNER shall satisfy the requirements of this section.



- O. Housing Quality Standards: OWNER must maintain the property in a good, safe, attractive, and well-maintained condition, and in compliance with the Housing Quality Standards found at 24 CFR 982.401.
- P. Reporting Requirements: OWNER agrees to supply TOWN with documentation concerning the PROJECT to ensure that TOWN is in compliance with its responsibilities therein regarding source documentation for all costs incurred. OWNER will also supply TOWN with regular reports throughout the development, construction, lease-up and affordability period. OWNER will provide the TOWN with any other needed information, as requested.

During the construction and lease up period, OWNER is to provide the TOWN with sufficient documentation to demonstrate compliance with the prevailing wage and Section 3 requirements described in this AGREEMENT. OWNER acknowledges that the TOWN may withhold funding draw requests to OWNER until such time as OWNER demonstrates compliance with these CDBG-DR MHP provisions and as outlined in the Labor Compliance Manual and Section 3 Manual provided by the TOWN and must be included in every contract and subcontract issued for the project.

During the construction and lease up period, OWNER is to provide the TOWN with copies of all draw requests to other funders, and all necessary documentation pursuant to draw request for CDBG-DR MHP funds, as described in VIA below. Any changes to the plans, specifications, and/or change orders to the construction contract in excess of \$100,000 in a single instance and \$250,000 in the aggregate shall be submitted to the TOWN for approval, provided, however that TOWN approval shall not be required for any change order that has been approved by the senior construction lender. Owner shall notify the Town of all change orders, and provide the Town with copies of all approvals made by the senior lender. Once a certificate of occupancy is issued, OWNER shall supply the TOWN with a monthly update on leases for CDBG-DR MHP funded units until 100% occupancy is achieved.

OWNER will be required to collect and report information about the organization(s) responsible for oversight over the development and management of the property, including, but not limited to, an annual financial statement for the parent company of the OWNER within ninety (90) days after the end of the OWNER's fiscal year, and an audited statement within 270 days of the end of each fiscal year. The audit must be submitted annually throughout the development of the PROJECT, lease up, and the full CDBG-DR MHP affordability period. The TOWN may, at its sole cost and expense, conduct an audit of the OWNER's books and records maintained for the PROJECT at any time during the term of the affordability period.

Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, a statement that identifies all owners of any interest in OWNER and the interest held by each, if OWNER is a corporation, all officers and directors of OWNER, and if OWNER is a limited partnership, all partners.



Within ninety (90) days of the end of each fiscal year of OWNER, OWNER will provide to the TOWN a calculation and certification of Surplus Cash for such fiscal year, in form and substance acceptable to the TOWN, and in accordance with the TOWN's requirements.

OWNER is required to collect and report information annually about the uses of funds throughout the full CDBG-DR MHP Period of Affordability of the PROJECT, including, but not limited to:

1. Annual certified rent-roll within ninety (90) days of the PROJECT's fiscal year end and at any other time upon the TOWN's request, including the name of each tenant, the household composition, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by the TOWN.
2. Operating budget comparing actual to projected income/expenses prepared by OWNER and property manager ninety (90) days following the PROJECT's fiscal year end.
3. Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, an accounting of all security deposits held pursuant to all leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which the security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for the TOWN to access information regarding such accounts.
4. Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, provide the TOWN with copies of the annual Section 8 (HQS) property inspection report for the PROJECT.
5. On a monthly basis during the initial lease-up period, OWNER to provide the TOWN with the lease status and rental amount for each CDBG-DR MHP assisted property.
6. The OWNER must submit to the TOWN on an annual basis, or more frequently if requested, such marketing and occupancy data as requested by the TOWN.
7. OWNER must maintain as part of its PROJECT records (a) copies of all leases of units in the PROJECT, and (b) all initial and annual income certifications of tenants of the PROJECT. Within ninety (90) days after the end of each calendar year of occupancy of any portion of the PROJECT, OWNER must provide to the TOWN annual reports consisting of certifications regarding the annual and monthly gross and adjusted income of each household occupying a unit at the PROJECT. With respect to households which became occupants of the PROJECT in the prior year, the annual report must be in a form reasonably approved by the TOWN and must contain such supporting documentation as the TOWN must reasonably require. In addition to the foregoing, OWNER must keep such additional records and prepare and submit to the TOWN such additional reports as the TOWN may reasonably deem necessary to ensure



compliance with the requirements of the Affordable Housing Restriction and of the PROGRAM. **Failure to provide initial and annual income certifications to the TOWN may result in the recapture of CDBG-DR MHP funding from the OWNER.**

8. Upon the TOWN's request, a semi-annual property management report for the PROJECT, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants shall be provided by the OWNER to the TOWN every six months; and
9. Such other financial information and schedules as may be requested by the TOWN from time to time pertaining to the PROJECT, in its reasonable discretion.

OWNER acknowledges a continuing obligation to provide promptly to the TOWN any information received or generated by OWNER, which information is materially relevant to the progress of the PROJECT toward OWNER, including without limitation updated development budgets, updated operating pro forma projections, information relating to sources of funds other than the TOWN, and information relating to building permits and other approvals.

Failure to submit such information and reports can be cause for withholding CDBG-DR MHP funding draws to OWNER or require repayment by Owner to the TOWN of CDBG-DR funds following a written notice to OWNER by TOWN of such failure, and the completion of a 30 day cure period. The OWNER must perform the obligations set forth above for the duration of the Period of Affordability. OWNER must notify the TOWN of Paradise concerning any material changes in the PROJECT including, but not limited to, a change in property management, any actions or impending actions against the property which are reasonably likely to have a material adverse effect on the project, changes in ownership, etc.

Each of the statements, schedules and reports required by this section shall be certified to be complete and accurate by an individual having authority to bind OWNER and shall be in such form and contain such detail as the TOWN may reasonably require. The TOWN also may require that any statements, schedules, or reports be audited at OWNER's expense by independent certified public accountants acceptable to the TOWN.

- Q. Record Keeping Requirements: OWNER shall comply with 2 CFR Part 200.333 regarding records that must be maintained for the PROJECT. OWNER shall maintain all PROJECT financial records, including source documentation to support how CDBG-DR MHP funds loaned to OWNER hereunder were expended, which includes, but is not limited to, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, and other documentation as may be required by TOWN or HCD or HUD to support the expenditures for this PROJECT. All necessary records must also be kept as required to meet the above described reporting requirements.



Any duly authorized representative of the TOWN, State, or HUD, after giving OWNER reasonable notice (minimum 2 weeks), must have access during normal business hours to and the right to inspect, copy, audit and examine all books, records, and other documents of OWNER until the completion of all close-out procedures respecting the use of CDBG-DR MHP Funds and until the final settlement and conclusion of all issues arising out of the use of such CDBG-DR MHP Funds. Additional record keeping requirements shall be set forth in the OWNER documents and shall include any record keeping requirements mandated by CDBG-DR MHP regulations, which shall survive termination of this AGREEMENT.

- R. Monitoring: OWNER will allow on-site monitoring of the PROJECT by TOWN, State, or HUD or an agent on its behalf, at such times as TOWN, State, or HUD deems necessary or required, and TOWN, State, and/or HUD shall have the right, but shall be under no obligation, to conduct any reasonable monitoring to determine compliance with the CDBG-DR MHP Regulatory Agreement and this AGREEMENT, including but not limited to, the right to enter the PROJECT, to inspect the PROJECT, to inspect the books and records kept regarding the PROJECT, and the right to inquire and receive responses from OWNER regarding the PROJECT and its operation at any time that may be required by TOWN or HCD or HUD.
- S. Funding of Operating Deficits: Pursuant to the guaranties provided to the Project tax credit investor, PWC will be required to fund any annual operating deficits in accordance with the OWNER's partnership agreement.
- T. Insurance: OWNER shall be required to procure and maintain any and all insurance deemed necessary by the TOWN, in amounts and coverages required by the TOWN. All said insurance policies, where permitted by law, must name the TOWN as an additional insured or a mortgagee, as appropriate.

OWNER shall maintain for the duration of the AGREEMENT(s), at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by OWNER, its agents, employees, representatives, assigns or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

The TOWN must be listed as additional insured for liability arising out of activities performed by or on behalf of OWNER.

The insurer must indicate on the Certificate of Insurance that it agrees to defend, indemnify, and hold harmless the TOWN, its agents, servants, administrators, and technical assistance providers from any and all complaints arising out of work or duties to be performed under this AGREEMENT between the TOWN and OWNER.

Prior to PROJECT closing OWNER shall provide the TOWN evidence of insurability for the insurance standards listed below:



1. All insurance required herein shall be issued by companies licensed to do business in California, and which are rated not less than A/A- (excellent), Financial Size Category VII by A.M. Best.
2. Commercial General Liability insurance with commercial general liability form GC 00 01, with limits of at least \$1,000,000 per occurrence and \$1,000,000 in the aggregate covering death, bodily injury, and property damage. Coverage must include contractual liability, third party property damage, severability of interest, completed operations coverage maintained for at least three years beyond the date of the contractor's completion of the work, waiver of subrogation, and waiver of "cross claim exclusion between insureds."
3. Business auto liability insurance of at least \$1,000,000 combined single limit, on all owned and non-owned leased and hired automobiles. Coverage must include contractual liability, third party property damage, severability of interest, completed operations coverage maintained for at least three years beyond the date of the contractor's completion of the work, waiver of subrogation, and waiver of "cross claim exclusion between insureds."
4. Umbrella and excess liability policies of at least \$1,000,000 per occurrence and in the aggregate above the underlying General Liability and business auto policies. Coverage must include drop down features, concurrency of effective dates, aggregates in the primary insurance apply in the umbrella insurance, and waiver of subrogation.
5. The Commercial General Liability and business auto policies must name the TOWN of Paradise, California, their employees, officials, agents, consultants, and volunteers as additional insureds. Further these policies must waive subrogation claims against the aforesaid individuals.
6. OWNER shall require its contractors and subcontractors to provide Workers' Compensation Insurance coverage at the statutory limits required by the California Revised Code.
7. Professional Liability coverage: \$1,000,000.00.
8. Builder's Risk and Hazard Insurance: OWNER shall have delivered to the TOWN certificates of Builder's Risk and Hazard Insurance in completed value form with extended coverage in the amount of the full value of the PROJECT, as completed.
9. Each policy required herein may not be canceled or materially changed except upon thirty days prior written notice given to: The TOWN of Paradise Town Manager, 5555 Skyway Road, Paradise, CA 95969 , with copy to Cole Huber LLP, Attn: Paradise Town Attorney, 2281 Lava Ridge Court #300, Roseville, CA 95661.
10. Maintenance of the insurance required hereunder is a material element of this AGREEMENT. Material changes of the required coverage or cancelation of the coverage shall constitute a material breach of this AGREEMENT.



Such certificates of insurance shall be issued by a company satisfactory to the TOWN, duly endorsed to show the interest of the TOWN under a standard non-contributing mortgagee clause addressed to the TOWN. OWNER agrees that the TOWN shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds advanced to continue the policies in full force and effect shall be considered as Draw Requests hereunder and shall bear interest from the date of disbursement at the same rate as other Draw Requests and payment of said funds and interest shall be secured by the Mortgage.

VI. Responsibilities of TOWN

A. Payment:

1. Reduction of Financing Loan: Notwithstanding anything to the contrary contained herein, the TOWN may reduce the principal amounts of the Indebtedness in the event the actual costs incurred by PWC in the development, and/or construction of the PROJECT were less than the estimated costs for the development, and/or construction of the PROJECT upon which the calculation of the principal amount of the Indebtedness as set forth in the AGREEMENT were based. The principal amounts of the CDBG-DR MHP Loan may be reduced based on the actual PROJECT costs incurred by PWC, the final amount, terms, and conditions of PWC's Permanent Loan, if any, and the final amount of any other sources of funds for the PROJECT. If the amount of CDBG-DR MHP Loan proceeds advanced to PWC prior to completion of the final subsidy layering analysis, exceeds the principal amount of the CDBG-DR MHP Loan supported by the Audit ("Excess Proceeds"), the TOWN may reduce the amount of the final disbursement, and PWC shall pay the TOWN the amount of any remaining Excess Proceeds in one lump sum payment within thirty (30) days of receiving written notice from the TOWN that the Excess Proceeds are due and payable. The foregoing notwithstanding, Excess Proceeds shall be applied first, to the extent applicable, to any deferred development fee owed to the Developer.

OWNER hereby authorizes the TOWN to pay any and all expenses or other amounts for which OWNER is obligated under this Section from the proceeds of disbursement under the CDBG-DR MHP Loan, and no further authorization for such disbursement and payment shall be required from OWNER or any guarantor, if any. In no event shall the TOWN be obligated to make any such disbursement or payment and OWNER shall in any event remain unconditionally obligated to pay any and all such amounts. All obligations of OWNER under this Section shall be part of the obligations secured by the PROJECT encumbered by the Mortgage and the other Loan Documents.

2. Disbursement of Proceeds during Construction: The CDBG-DR MHP Loan proceeds shall be disbursed to or on behalf of OWNER, during the construction of the PROJECT, limited to not more than one (1) draw per month, based on the following:



- a. The total eligible construction and development expenditures incurred since the last draw, minus deferred developer fees, 10% retainage, and the final 5% of the CDBG-DR MHP Loan. HCD requires that TOWN withhold as retainage 10% of all CDBG-DR MHP funded Developer payments. No retainage payments shall be released to the Developer or reimbursed to the Subrecipient until receipt and approval by HCD of all required and approved Project closeout documents.
 - b. All eligible expenditures must be supported by invoices or receipts.
 - c. A property inspection report will be periodically performed by a representative of the TOWN and the Draw request must be approved by the Inspector representing the TOWN prior to consideration for payment.
 - d. The total of all draw requests must not exceed the amount of the CDBG-DR MHP Loan.
 - e. The final decision regarding payment of draw requests is at the sole but reasonable discretion of the TOWN.
 - f. The remaining 5% of the Loan, along with any amounts held back as retainage, shall be released upon receipt by the TOWN of final certificates of occupancy (or their equivalents) for all buildings and units comprising the PROJECT, a final inspection by an agent of the TOWN, upon approval of HCD, and upon compliance with the other conditions to funding set forth in this AGREEMENT.
3. Preconditions for Funding of a Draw Request: Prior to each draw of CDBG-DR MHP Loan proceeds, the following conditions must be satisfied in the TOWN's sole discretion.
 - a. OWNER shall have delivered to the TOWN the Draw Request for such disbursement for its approval, and any other certifications provided for herein or as requested by the TOWN in its reasonable discretion.
 - i. The draw requests shall reflect claims for labor and materials completed prior to the submission of an invoice by the contractor, and not for labor and materials rendered thereafter.
 - ii. The draw request shall be accompanied by copies of any and all relevant invoices and receipts, contractor lien waivers (subcontractor lien waivers are not required), inspection signoffs, and change orders..
 - iii. The Draw request shall contain the architect or construction manager's determination or confirmation of the percentage of completion of the PROJECT for the purposes of the Draw Request.
 - b. There shall be at all times undisbursed loan funds (collectively held by the TOWN), which are sufficient to complete the agreed upon CDBG-DR MHP funded portion of the construction of the PROJECT.



- B. Construction Progress Inspections: The TOWN has the right to review the construction documents and inspect the progress of construction upon the TOWN's request. OWNER must advise the TOWN of all scheduled construction draw request meetings and progress inspections. OWNER agrees to furnish copies of any and all draw requests and supporting documentation submitted to its other funders, lender and/or syndicator during construction, including, but not limited to, applicable wage and fair labor standard compliance laws, requirements, and regulations. OWNER agrees that all change orders in excess of \$100,000 in a single instance and \$250,000 in the aggregate will be submitted to the TOWN for its review and approval prior to the work being completed, provided, however that TOWN approval shall not be required for any change order that has been approved by the senior construction lender. The TOWN shall be notified of all change orders, and provided copies of all approvals by the senior lender within 30 days of execution.
- C. Non-Compliance/Recapture Requirements: OWNER may be required to repay all, or a portion of the funds received. The reasons for recapture include, but are not limited to the following:
1. Failure to comply with the terms of this AGREEMENT.
 2. Withdrawal from the Program prior to completion of the Project and/or failure to meet a National Objective.
 3. Failure to meet the affordability requirements for the period specified in Section IIC above.
 4. Use of program funds for an ineligible activity or cost.
 5. Failure to report the receipt of additional insurance, SBA, FEMA, non- profit assistance and/or any other Duplication of Benefits received after award; and/or,
 6. Funds are remaining after the Project is completed, or the expenditure deadline has passed.

The method of recapturing funds and the timeframe for doing so are at the reasonable discretion of the TOWN. However, the recapture method and timeframe will be consistent with 2 CFR part 200.

VII. Terms and Conditions of the AGREEMENT

- A. CDBG-DR MHP Loan Closing Date: The Loan shall close on or before March 31, 2023 (the "Closing Date"). If a Loan has not closed on or before the Closing Date, and construction has not started by the Construction Start Date of June 30, 2023, this AGREEMENT may be terminated by TOWN, in its sole discretion, by written notice to OWNER, in which event TOWN shall no longer have any obligation to make the Loan, and OWNER shall have no further rights under this AGREEMENT.



- B. Funding Contingency: Funding for this AGREEMENT is contingent on the availability of funds and continued authorization for PROGRAM activities and is subject to amendment or termination due to lack of funds, or authorization, reduction of funds, and/or change in regulations.
- C. Amendments: The terms and conditions of this Commitment AGREEMENT may be amended only by a written AGREEMENT signed by both the TOWN and OWNER.
- D. Term of this AGREEMENT: The duration of this AGREEMENT must extend through the Period of Affordability for this PROJECT, which will conclude fifty-five (55) years from the date of 100% lease-up of the CDBG-DR MHP funded units.
- E. Notices: Any notice or similar communication concerning this AGREEMENT shall be in writing and shall be either delivered in person or sent to the other party by certified mail with return receipt requested. Notices shall be sent to the party's respective address as set forth in the preamble to this AGREEMENT or to such other address as either party may hereafter establish by notice given in the manner prescribed in this paragraph. A notice shall be considered given when delivered.
- F. Governing Law and Dispute Resolution: The laws of the State of California shall govern this AGREEMENT. Should a dispute occur regarding any aspect of this AGREEMENT the parties agree to first seek mediation prior to taking legal action.
- G. Breach of AGREEMENT: Failure of PWC to abide by the terms of this AGREEMENT or to provide information in a timely manner after written notice and an opportunity to cure will be a breach of this AGREEMENT. Remedies for a breach of this AGREEMENT shall include actions taken by the TOWN up to and including the termination of this AGREEMENT and the required return of TOWN CDBG-DR MHP funds.
- H. Termination: TOWN hereby reserves for itself, its successors and assigns, the right to pursue all remedies, either at law or in equity, to enforce the conditions of this AGREEMENT. This right includes, but is not limited to, seeking specific performance of OWNER's obligations. TOWN may also, prior to closing, and in its sole and absolute discretion, declare this AGREEMENT null and void upon an event of default or breach by PWC of any of PWC's representations contained in the APPLICATION, or any of the terms and conditions of the PROGRAM or this AGREEMENT, in which event neither PWC nor TOWN shall have any further rights or obligations under this AGREEMENT, except for such obligations of PWC that are expressly stated to survive termination hereof.
- I. Force Majeure: Neither party shall be responsible for any failure to comply with, or for any delay in performance of the terms of this AGREEMENT, where such failure or delay arises from: (i) acts of God, (ii) acts of the Government in its sovereign (and not contractual) capacity, (iii) fires, (iv) floods, (v) epidemics, (vi) quarantine restrictions, (vii) strikes, (viii) freight embargoes, (ix) unusually severe weather, or (x) shortages of supplies or materials where such supplies or materials were unobtainable from an alternate source. In all such



events where performance is delayed or prevented, the affected party shall nonetheless exert reasonable and diligent efforts to remove said causes and resume performance hereunder.

- J. Successors and Assigns: OWNER and TOWN each is hereby bound of OWNER and TOWN in respect to any covenants, AGREEMENTs, and obligations of this AGREEMENT.
- K. Assumption of liability and Indemnification: Upon execution of this AGREEMENT, OWNER shall agree to assume all liability for and protect, indemnify and hold harmless the TOWN and their technical assistance providers, along with their agents, officers, employees, and contractors from and against all actions, claims, demands, judgments, losses, expense of suits or actions and attorney fees for injuries to, or death of, any person or persons and loss or damage to the property of any person, or persons, whomsoever, including the parties hereto, and their agents, contractors, sub-contractors, officers and employees, arising in connection with or as a direct or indirect result of entering into and performance of this AGREEMENT, whether or not due to or arising out of the acts of any party thereto or its agents, contractors, sub-contractors, officers and employees, or by or in consequence of any negligence or carelessness in connection with the same or on account of liability or obligation imposed directly or indirectly upon the TOWN by reason of any law of the State of California or the United States, now existing or which shall hereafter be enacted, imposing any liability or obligations, or providing for compensation to any person or persons on account of or arising from the death of, or injury to employees. Such assumption shall include liability for all environmental hazards, including toxic waste, lead-based paint, and asbestos. Said OWNER shall pay, settle, compromise, and procure the discharge of any and all claims and all such losses, damages, and expenses.
- L. General Provisions: This instrument contains the entire AGREEMENT between the parties. No statement, promises, or inducements made by any party hereto or agent of either party hereto which is not contained in this written AGREEMENT, shall be valid or binding. This AGREEMENT shall not be modified except in writing and signed by both parties.
 - 1. This AGREEMENT and any exhibits attached constitute the sole and entire AGREEMENT between the parties with regard to the subject matter hereof. No party may rely on any representation, which allegedly induced that party to enter into this AGREEMENT, unless the representation is recorded herein.
 - 2. Should any provision of this AGREEMENT be judged by an appropriate court of law as invalid, it shall not affect any of the remaining provisions whatsoever.
 - 3. The failure of the TOWN in any instance to insist upon a strict performance of any term of this AGREEMENT, or to exercise any option hereunder, shall not be constituted as a waiver or relinquishment for the future of such term or option.
 - 4. No party may cede any of its rights or delegate or assign any of its obligations in terms of this AGREEMENT without the prior written consent of the other parties.



5. This AGREEMENT will be invalid unless signed and returned to the TOWN by March 27, 2023. A copy of this AGREEMENT was provided to OWNER for its records. OWNER's acceptance of this commitment is acknowledged by executing this AGREEMENT below and returning the same to:

Mr. Kevin Phillips, Town Manager
The Town of Paradise
5555 Skyway Road
Paradise, CA 95969



THE TOWN OF PARADISE, CALIFORNIA



(signature)

Kevin Phillips, Town Manager

3.13.23

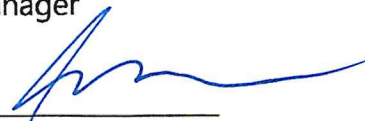
(Date)

AGREED AND ACCEPTED:

EAGLEPOINTE PACIFIC ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP

By: TPC HOLDINGS IX, LLC,
an Idaho limited liability company
Its: Administrative General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: 

Name: Caleb Roope
Its: President and CEO

By: Butte County Affordable Housing Development Corporation
a California Nonprofit Public Benefit Corporation
Its: Managing General Partner

By: _____
Name: Edward S. Mayer
Its: President



THE TOWN OF PARADISE, CALIFORNIA



(signature)

Kevin Phillips, Town Manager

3.13.23

(Date)

AGREED AND ACCEPTED:

EAGLEPOINTE PACIFIC ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP

By: TPC HOLDINGS IX, LLC,
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Its: Administrative General Partner

By: Pacific West Communities, Inc.,
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Name: Caleb Roope
Its: President and CEO

By: Butte County Affordable Housing Development Corporation
a California Nonprofit Public Benefit Corporation
Its: Managing General Partner

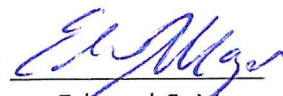
By: 
Name: Edward S. Mayer
Its: President



Exhibit A

Copy of Appraisal, DDA (evidence of site control), and
legal description of each parcel of property

Integra Realty Resources

Sacramento

Appraisal of Real Property

Eaglepointe Apartments

Proposed Affordable Housing Multifamily Property

5975 Maxwell Dr.

Paradise, Butte County, California 95969

Project#: W-23-00085-01-1

Prepared For:

KeyBank National Association

Date of the Report:

February 8, 2023

Report Format:

Appraisal Report

IRR - Sacramento

File Number: 193-2023-0047



Subject Photographs



Eaglepointe Apartments
5975 Maxwell Dr.
Paradise, California

Aerial Photograph





February 8, 2023

Jeff Davis, MAI, AI-GRS
KeyBank National Association
237 Van Rensselaer Street
Buffalo, NY 14210

SUBJECT: Market Value Appraisal
 Eaglepointe Apartments
 5975 Maxwell Dr.
 Paradise, Butte County, California 95969
 Project#: W-23-00085-01-1
 IRR - Sacramento File No. 193-2023-0047

Dear Mr. Davis:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property.

The subject consists of a vacant 6.53-acre MF (Multiple-Family) zoned site located in the City of Paradise. The site is proposed to be developed with a 43-unit, garden-style apartment property. Upon completion, the project will have a unit mix of one, two and three bedroom floorplans. Construction is scheduled to commence in March 2023 and is expected to be complete in May 2024.

Upon completion of construction the subject will be encumbered by regulatory agreements with the California Tax Credit Allocation Committee (CTCAC) and CDBG that will restrict the subject to affordable housing use. The subject's most restrictive set-aside layer will restrict 42 of the subject units to households earning at or below 30%, 40%, 50% and 60% of area median income (AMI) for Butte County. The remaining unit will be a non-revenue unit designated for employee occupancy. The property will not have any project-based subsidies.

The purpose of the appraisal is to develop an opinion of value for the subject under the following valuation scenarios:

Valuation Scenarios

Appraisal Premise	Interest Appraised	Date of Value
Market Value As Is	Leased Fee	February 6, 2023
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	February 6, 2023
Prospective Market Value, Upon Completion, Restricted Rents	Leased Fee	June 1, 2024
Prospective Market Value, Upon Stabilization, Restricted Rents	Leased Fee	June 1, 2024
Hypothetical Market Value, As If Stabilized, Market Rents	Leased Fee	February 6, 2023
Prospective Market Value, Upon Stabilization, Market Rents	Leased Fee	August 1, 2024
Value of Tax Credits	-	February 6, 2023
Value of Favorable Financing	-	February 6, 2023
Insurable Replacement Cost	-	February 6, 2023

The client for the assignment is KeyBank National Association. The intended users of this report are KeyBank National Association and Freddie Mac. The intended use of the report is for loan underwriting and-or credit decisions by the bank. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of KeyBank National Association and Freddie Mac. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	February 6, 2023	\$770,000
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	February 6, 2023	\$1,590,000
Prospective Market Value, Upon Completion, Restricted Rents	Leased Fee	June 1, 2024	\$1,590,000
Prospective Market Value, Upon Stabilization, Restricted Rents	Leased Fee	June 1, 2024	\$1,590,000
Hypothetical Market Value, As If Stabilized, Market Rents	Leased Fee	February 6, 2023	\$6,970,000
Prospective Market Value, Upon Stabilization, Market Rents	Leased Fee	August 1, 2024	\$6,970,000
Value of Tax Credits	-	February 6, 2023	\$12,650,000
Value of Favorable Financing	-	February 6, 2023	\$0
Insurable Replacement Cost	-	February 6, 2023	\$15,280,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The complete and stabilized values of the subject assume the proposed improvements are completed in a good, workman-like manner according to the plans provided to our office.
2. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the final terms of the subject's proposed regulatory and subsidy agreements will not substantially differ from the information provided by the developer.
3. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will continue to be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.
4. The value of the subject's tax credits is based on the extraordinary assumption that the final tax credits awarded to the subject will not substantially differ from the amount awarded in CTCAC's Preliminary Reservation Letter.
5. The subject will be encumbered by various legal agreements restricting the improvements to affordable housing use. Subordination and transfer restrictions are typically included with these use restrictions. These agreements are legal in nature and full legal interpretation of these agreements is beyond the appraisers' scope of expertise. The values contained in this report are based on the extraordinary assumption that there are no terms contained within these agreements that would significantly impact our value conclusions.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The hypothetical market values of the subject "as if stabilized" are based on the hypothetical condition that all construction was complete and the subject was operating at stabilized occupancy as of the effective date of value.
2. The hypothetical market-rate values are based on the hypothetical condition that the subject will not be encumbered by affordable housing restrictions and can operate the subject as an unrestricted market-rate property with the subject units leased at market-rate rents.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Jeff Davis, MAI, AI-GRS
KeyBank National Association
February 8, 2023
Page 5

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Sacramento



Krista Castro
California Certified General Real Estate
Appraiser #AG029797
Telephone: 916.226.5698
Email: krista.castro@irr.com



Jeffrey Fillmore, MAI
California Certified General Real Estate
Appraiser #AG004481
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Email: jfillmore@irr.com



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Executive Summary

Part One

Property Name	Eaglepointe Apartments
Address	5975 Maxwell Dr. Paradise, Butte County, California 95969
Property Type	Multifamily - Garden
Owner of Record	Arkenberg Trust
Tax ID	053-380-001 thru 044 and 099
Land Area - Total	7.00 acres; 304,920 SF
Land Area (Usable)	6.35 acres; 276,606 SF
Number of Units	43
Gross Building Area	37,594 SF
Rentable Floor Area	35,891 SF
Year Built	Proposed Completion 2024
Income Restrictions	30%, 40%, 50% and 60% AMI
Project-Based Rent Subsidies	None
Operating Subsidies	None
Zoning Designation	MF, Multiple-Family Residential Zone
Highest and Best Use - As If Vacant	Multifamily use
Exposure Time; Marketing Period	3-6 months; 6-9 months
Date of the Report	February 8, 2023

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	February 6, 2023	\$770,000
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	February 6, 2023	\$1,590,000
Prospective Market Value, Upon Completion, Restricted Rents	Leased Fee	June 1, 2024	\$1,590,000
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Value of Tax Credits	-	February 6, 2023	\$12,650,000
Value of Favorable Financing	-	February 6, 2023	\$0
Insurable Replacement Cost	-	February 6, 2023	\$15,280,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than KeyBank National Association and Freddie Mac may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The complete and stabilized values of the subject assume the proposed improvements are completed in a good, workman-like manner according to the plans provided to our office.
2. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the final terms of the subject's proposed regulatory and subsidy agreements will not substantially differ from the information provided by the developer.
3. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will continue to be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.
4. The value of the subject's tax credits is based on the extraordinary assumption that the final tax credits awarded to the subject will not substantially differ from the amount awarded in CTCAC's Preliminary Reservation Letter.
5. The subject will be encumbered by various legal agreements restricting the improvements to affordable housing use. Subordination and transfer restrictions are typically included with these use restrictions. These agreements are legal in nature and full legal interpretation of these agreements is beyond the appraisers' scope of expertise. The values contained in this report are based on the extraordinary assumption that there are no terms contained within these agreements that would significantly impact our value conclusions.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The hypothetical market values of the subject "as if stabilized" are based on the hypothetical condition that all construction was complete and the subject was operating at stabilized occupancy as of the effective date of value.
2. The hypothetical market-rate values are based on the hypothetical condition that the subject will not be encumbered by affordable housing restrictions and can operate the subject as an unrestricted market-rate property with the subject units leased at market-rate rents.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Strong demand for housing, including affordable housing, in the subject area

Weaknesses

- None Noted

Opportunities

- None Noted

Threats

- The recent increases in inflation and interest rates throughout 2022 and into 2023 has created macroeconomic uncertainty.
-

Identification of the Appraisal Problem

Subject Description

The subject consists of a vacant 6.53-acre MF (Multiple-Family) zoned site located in the City of Paradise. The site is proposed to be developed with a 43-unit, garden-style apartment property. Upon completion, the project will have a unit mix of one, two and three bedroom floorplans. Construction is scheduled to commence in March 2023 and is expected to be complete in May 2024.

Upon completion of construction the subject will be encumbered by regulatory agreements with the California Tax Credit Allocation Committee (CTCAC) and CDBG that will restrict the subject to affordable housing use. The subject's most restrictive set-aside layer will restrict 42 of the subject units to households earning at or below 30%, 40%, 50% and 60% of area median income (AMI) for Butte County. The remaining unit will be a non-revenue unit designated for employee occupancy. The property will not have any project-based subsidies.

A legal description of the property may be referenced in the preliminary title report located in the addenda of this report.

Property Identification

Property Name	Eaglepointe Apartments
Address	5975 Maxwell Dr. Paradise, California 95969
Tax ID	053-380-001 thru 044 and 099
Owner of Record	Arkenberg Trust
Census Tract Number	002100 / 1002

Sale History

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

The property is under contract of sale as of the effective appraisal date. The contract is summarized as follows:

Contract Date	November 28, 2021
Seller	Arkenberg Trust
Buyer	Eaglepointe Pacific Associates
Sale Price	\$880,000
Comments	Original contract was between Arkenberg Trust and Pacific West Communities and the contract was assigned to Eaglepointe Pacific Associates in February 2022. Close of escrow is expected in March 2023.

Between the date of contract and the effective date of the as is value, there have been sharp declines in the market. Based on changes in the market in the past 12 months, a value below the pending purchase is considered reasonable. Our As Is value conclusion of \$770,000 is 12.5% below the pending purchase price.

Appraisal Purpose

The purpose of the appraisal is to develop an opinion of value for the subject under the following valuation scenarios:

Valuation Scenarios		
Appraisal Premise	Interest Appraised	Date of Value
Market Value As Is	Leased Fee	February 6, 2023
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	February 6, 2023
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Prospective Market Value, Upon Stabilization, Restricted Rents	Leased Fee	June 1, 2024
Hypothetical Market Value, As If Stabilized, Market Rents	Leased Fee	February 6, 2023
Prospective Market Value, Upon Stabilization, Market Rents	Leased Fee	August 1, 2024
Value of Tax Credits	-	February 6, 2023
Value of Favorable Financing	-	February 6, 2023
Insurable Replacement Cost	-	February 6, 2023

The date of the report is February 8, 2023. The appraisal is valid only as of the stated effective dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

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

1. Buyer and seller are typically motivated;

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

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.²

Market Value As If Stabilized

The market value of a property as of a current date under the hypothetical condition that all construction is completed and the property has been leased to its stabilized level of long-term occupancy. At this point, capital expenses for tenant improvements, leasing commissions, marketing costs, and other carrying costs are assumed to have been absorbed as of the effective date of value. It is based on market conditions as of the effective date of value. This value premise assumes the project is complete and ready to lease to individual tenants.³

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to lease to individual tenants.⁴

Prospective Market Value As Stabilized

The market value of a property as of a future date when all construction is expected to be complete and the property has been leased to its stabilized level of long-term occupancy. At this point, capital expenses for tenant improvements, leasing commissions, marketing costs, and other carrying costs are assumed to have been absorbed.⁵

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ Compiled and summarized from several industry sources

⁴ Compiled and summarized from several industry sources

⁵ Compiled and summarized from several industry sources

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁶

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.⁷

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.⁸

Client and Intended Users

The client for the assignment is KeyBank National Association. The intended users of this report are KeyBank National Association and Freddie Mac. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Freddie Mac - Reliance Language

This report is for the use and benefit of, and may be relied upon by

- (a) the Seller/Servicer, Freddie Mac and any successors and assigns ("Lender");
- (b) independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;
- (c) governmental agencies having regulatory authority over Lender;
- (d) designated persons pursuant to an order or legal process of any court or governmental agency;
- (e) prospective purchasers of the Mortgage; and
- (f) with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report, the following parties and their respective successors and assigns:
 - any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;
 - any initial purchaser or subsequent holder of such debt and/or securities;

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

- any Servicer or other agent acting on behalf of the holders of such debt and/or securities;
- any indenture trustee;
- any rating agency; and
- any institutional provider from time to time of any liquidity facility or credit support for such financings.

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.

Intended Use

The intended use of the appraisal is for loan underwriting and-or credit decisions by the bank. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised April 9, 2018;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of KeyBank National Association and Freddie Mac.

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site and improvements, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, and access and exposure, and condition of the site improvements, were confirmed and analyzed.

The financial data of the subject, including its construction costs, stabilized proforma, and tax and assessment records, was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party: Bjorn Dorskeland, EVP - Finance, TPC Housing.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Krista Castro	On-site	February 2, 2023
Jeffrey Fillmore, MAI	None	N/A

As of the date of inspection, there are no vertical improvements on the subject site. A walk of the property was conducted.

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The income capitalization approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return is available for analysis.

The cost approach is an applicable valuation method because:

- The subject represents new or proposed construction, which reduces the subjectivity of estimated accrued depreciation.
- There is sufficient data to develop reliable estimates of land value, replacement cost of the improvements, and accrued depreciation.

The sales comparison approach is an applicable valuation method considering the following:

- There is an active market for similar properties and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

Economic Analysis

Macroeconomic Conditions

The fallout from major global events over the past 2 years coupled with the consequences of long-term monetary policies that held interest rates at record near-zero lows for years culminated in record inflation increases during the first half of 2022. During the worst of the COVID-19 pandemic, business closures caused consumers to pull back on their consumption, which in turn resulted in slowing manufacturing rates.

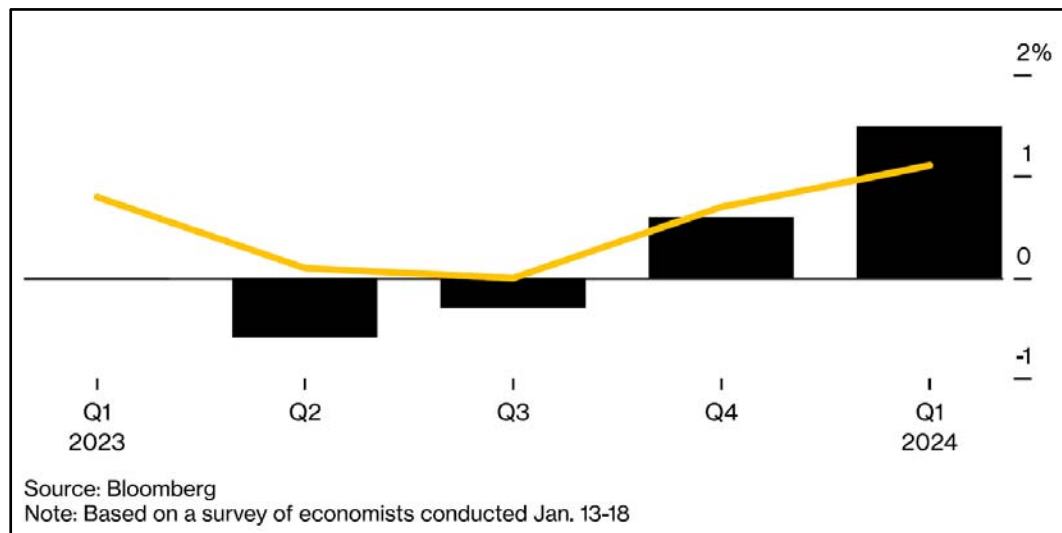
As pandemic business restrictions lifted, consumers increased their spending on goods and services; however, manufacturing was unable to keep up with consumer demand due to the pandemic's manufacturing slowdown and labor shortages, resulting in supply chain disruptions and sharp increases in the cost of goods and services. Additionally, the ongoing war in Ukraine has inflated petroleum prices globally, further driving up the cost of goods and services due to the increased shipping costs related to higher fuel costs. In June 2022, inflation in the United States hit a record 40-year high, peaking at 9.1%.

The Federal Reserve began its front-loading monetary policy in March 17 2022, aggressively increasing interest rates during the course of 2022 to attempt to reduce the rate of inflation. The Fed has adjusted the benchmark federal funds rate seven times for a total increase of 425 basis points during 2022, the most aggressive increases by the Fed since the early 1980s. The annual inflation rate in the U.S. has declined steadily from the June 2022 peak and was 6.5% as of December 2022. While the December 2022 inflation rate is at the lowest rate since October 2021, inflation still remains near historic highs and is well above the Fed's target of 2%.

During the Fed's most recent policy meeting on January 31-February 1, 2023, it downshifted its policy rate increase to 25 basis points, the smallest rate increase since March 2022 and below the 50 basis point increase that was projected by economists for this policy meeting. This increase results in a Federal funds rate of 4.5% to 5.0%, a significant increase from the 0.00% to 0.25% range that was in effect at the start of 2022 and the highest level since December 2007 (the eve of the Great Recession). The Fed's most recent interest rate increase appears to signal that the Fed's front-loading policy may be coming to an end and future interest rate increases will come in smaller increments than 2022's rate hikes.

In Q4-2022, the national GDP grew by a 2.9% annualized rate, which falls above market analyst growth projections despite the Fed's interest rate hikes. However, market analysts caution that a major contributor to last quarter's GDP growth was a build-up of inventories following a modest holiday season as well as a decline in the trade deficit, both of which are unlikely to be repeated. Further, consumer spending (which represents more than two-thirds of the nation's economy) slowed in November and December 2022 and factory output slowed during the final months of 2022. These factors suggest underlying growth in the economy for Q4-2022 was likely flat or slightly negative.

Bloomberg's January 2023 survey of economists (conducted in mid-January prior to the Fed's most recent rate hike) indicates economists currently project the probability of a recession occurring over the next year at 65%. This survey projects national GDP contracting at a 0.6% annualized rate in Q2-2023 and contracting at a 0.3% annualized rate in Q3-2023, citing stagnating consumer spending, business investment, and industrial production. In addition, the economists surveyed forecast national unemployment rate to climb from 3.5% (a 5-decade low) to nearly 5% by the end of 2023 as employers reduce payroll expenses to control costs.



Kristy Akullian, a senior strategist with BlackRock's iShares Investment Strategy Team, opines, "We think that the final way that we will get inflation all the way back down to the end target will almost necessarily require a recession, albeit a short and shallow one."

Fran Rodilosso, head of fixed income ETF portfolio management at VanEck, stated, "Do people think (rate cuts) will be in response to inflation that has been coming down or something more dramatic, in terms of economic slowdown? I would think the latter."

James Knightley, chief international economist at ING, indicated "Recession worries are mounting in the US as the Federal Reserve continues hiking interest rates. With more companies adopting a defensive posture, we expect to see hiring and investment plans cut back aggressively."

Despite the Fed's recent downshift in its aggressive interest rate hikes, inflation still remains well above the Fed's target of 2% and economists project a short, shallow recession is likely to occur in Q2 and Q3-2023. Overall, current macroeconomic conditions are injecting uncertainty into the economy and causing increased caution from investors on a national level, which has resulted in a slowdown in the real estate market in both the commercial and residential sectors.

Area Analysis – Butte County

Introduction

Butte County is located in the northeastern portion of the Sacramento Valley, approximately 180 miles northeast of San Francisco, 90 miles north of Sacramento, and 60 miles south of Redding. Elevations within the county range from 60 feet to over 7,000 feet above sea level, resulting in a considerable variation in climate. The portion of the county that lies in the valley is primarily agricultural land, while higher elevations provide an ample amount of timber. Neighboring counties include Plumas to the northeast, Yuba to the southeast, Sutter and Colusa to the southwest, Glenn to the west and Tehama to the northwest. Butte County encompasses 1,665 square miles of land area.

Population

The population of Butte County is roughly 200,000 and has shown an average annual decline of 2.1% over the past five years. The City of Paradise had an 83% decline in population between 2018 and 2019 following the Camp Fire, which started on November 8, 2018 and was responsible for at least 86 fatalities and several others injured. Approximately 18,000 homes and structures were destroyed and many more were partially damaged. The fire burned over 153,000 acres and was the deadliest and most destructive wildfire in California history. The fire was fully contained after 17 days. Many of the displaced residents relocated to the nearby cities of Oroville and Chico.

The following table illustrates population trends for Butte County over the past five years.

Population Trends							
City	2017	2018	2019	2020	2021	2022	%/Yr
Biggs	1,952	1,966	2,057	1,963	1,974	1,939	-0.1%
Chico	91,166	92,040	110,126	101,776	102,359	102,892	2.6%
Gridley	6,874	6,918	7,205	7,325	7,413	7,205	1.0%
Oroville	18,101	18,075	20,794	19,931	20,119	18,863	0.8%
Paradise	26,424	26,581	4,474	4,710	6,137	7,705	-14.2%
Unincorporated	80,951	80,518	76,199	75,927	68,638	63,004	-4.4%
Total	225,468	226,098	220,855	211,632	206,640	201,608	-2.1%

Source: California Department of Finance

Transportation

Butte County has two major state highways – State Highway 99 and State Highway 70. Highway 99 connects Butte County with Interstate 5 traveling north and continues south to Yuba City and Sacramento. State Highway 70 connects the county to areas east, including Reno and Interstate 80, and travels south to Marysville and Sacramento.

Other highways in Butte County include State Highway 149, a connector between Highway 99 and Highway 70; State Highway 32, which connects Chico to Orland and Interstate 5 to the east, and Lake Almanor, Lassen National Park and Susanville to the northeast; and State Highway 162, which connects Oroville to Willows and Interstate 5 to the west and connects to Lake Oroville to the east.

Air transportation in the county is available at Chico Municipal Airport, Oroville Municipal Airport and Paradise Airport. Chico Municipal Airport is a non-hub commercial airport with daily flights to and

from San Francisco provided by SkyWest Airlines in partnership with United Airlines. The Oroville and Paradise airports accept private air traffic. Redding Municipal Airport located approximately 60 miles north, also offers daily flight service to and from San Francisco. The nearest major commercial airport is Sacramento International Airport, located about 70 miles south of Oroville in Sacramento.

Passenger rail service is provided by Amtrak, offering daily service from Chico to the north and south. Also, a daily route connection to the Spirit of California in Sacramento is offered. Two Union Pacific rail lines serve Butte County. The first connects Chico, Biggs and Gridley north to Oregon and south to Sacramento. The second runs through Oroville, up the Feather River Canyon toward Idaho, and south to Sacramento.

Employment and Economy

The California Employment Development Department has reported the following employment data for Butte County over the past five years.

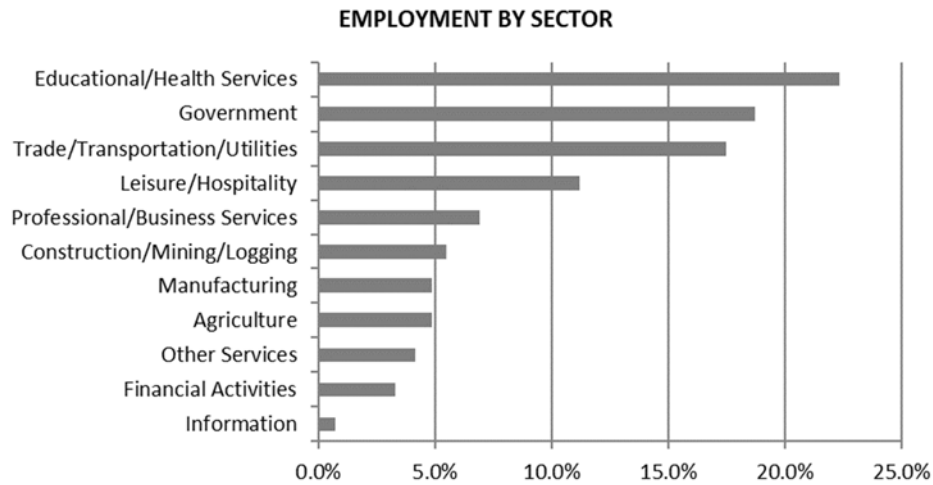
Employment Trends						
	2016	2017	2018	2019	2020	2021
Labor Force	101,600	102,000	101,800	98,100	93,100	92,000
Employment	94,900	96,100	96,600	93,000	84,300	85,700
Annual Employment Change	1,100	1,200	500	(3,600)	(8,700)	1,400
Unemployment Rate	6.6%	5.8%	5.1%	5.2%	9.5%	6.8%
Source: California Employment Development Department						

Most areas within the state and nation, including Butte County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, declines between 2011 and 2019, a significant increase in 2020 as a result of the pandemic, and improvement in 2021.

California Employment Development Department reported an unemployment rate of 3.8% in Butte County in October 2022, below the rate of 5.3% a year prior and compared to 3.8% for California and 3.4% for the nation.

As of October 2022, it was reported 1,700 jobs were gained in Butte County year-over-year. The greatest growth was in the Leisure/Hospitality sector with 600 jobs gained, followed by the Government and Educational/Health Services sectors, each with 500 jobs gained.

The chart on the following page indicates the percentage of total employment for each sector within Butte County as of October 2022.



Source: California Employment Development Department

The area's largest employment sectors are Educational and Health Services; Government; and Trade, Transportation and Utilities (which includes retail and wholesale trade). The following table lists the largest employers in the county.

Largest Employers			
	Employer	Industry	Employees
1	Enloe Medical Center, Inc.	Healthcare	3,593
2	Butte County	Government	2,373
3	Oroville Hospital	Healthcare	1,882
4	California State University, Chico	Education	1,062
5	Chico Unified School District	Education	1,784
6	Butte County Office of Education	Government	1,223
7	Pacific Coast Producers	Food Processing	1,187
8	Butte Glenn Community College	Education	1,532
9	Walmart	Retail Trade	998
10	Wayfinder, Family Services	Other Services	501

Source: County of Butte, Comprehensive Annual Financial Report, June 30, 2021

The health care industry is a major component of the regional employment base. Enloe Medical Center has been the largest employer in the region for a number of years, with Oroville Hospital and Feather River Hospital also among the region's top 10 employers.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. According to Claritas Spotlight data reporting service, the

median household income estimated for Butte County in 2022 is \$65,505, which is lower than the state of California's median income of \$88,967.

Recreation and Community Services

Butte County offers a variety of recreational opportunities and community facilities. Recreational opportunities are available in the form of camping and hiking areas, waterways, parks and golf courses. Lake Oroville is the region's largest recreational center. The lake encompasses 15,000 surface acres and provides fishing, camping and water-skiing opportunities. Snow skiing is available in the Sierra Nevada Mountains within a two-hour drive. The city of Chico is centered on a 2,250-acre municipal park known as Bidwell Park. Meandering through the center of the park is Big Chico Creek, which is accompanied by recreational areas such as picnic areas, swimming pools, softball parks, horseback and jogging trails, and an 18-hole golf course. The upper section provides a rugged outing that traverses the rim of a lava rock gorge.

Higher education in the county is offered at the two-year Butte Community College and the four-year California State University, Chico. The University has average enrollment of roughly 17,000 students, though that number has dropped during and after the pandemic, with 2021-2022 enrollment of approximately 15,000 students. The campus offers over 300 undergraduate and graduate academic programs. The University maintains one of the highest graduation rates in the California State system. Butte Community College lies midway between Chico and Oroville and offers more than 180 academic programs and also maintains a full range of lower division courses for students preparing to transfer to a four-year college or university. The college has enrollment of roughly 9,300 students.

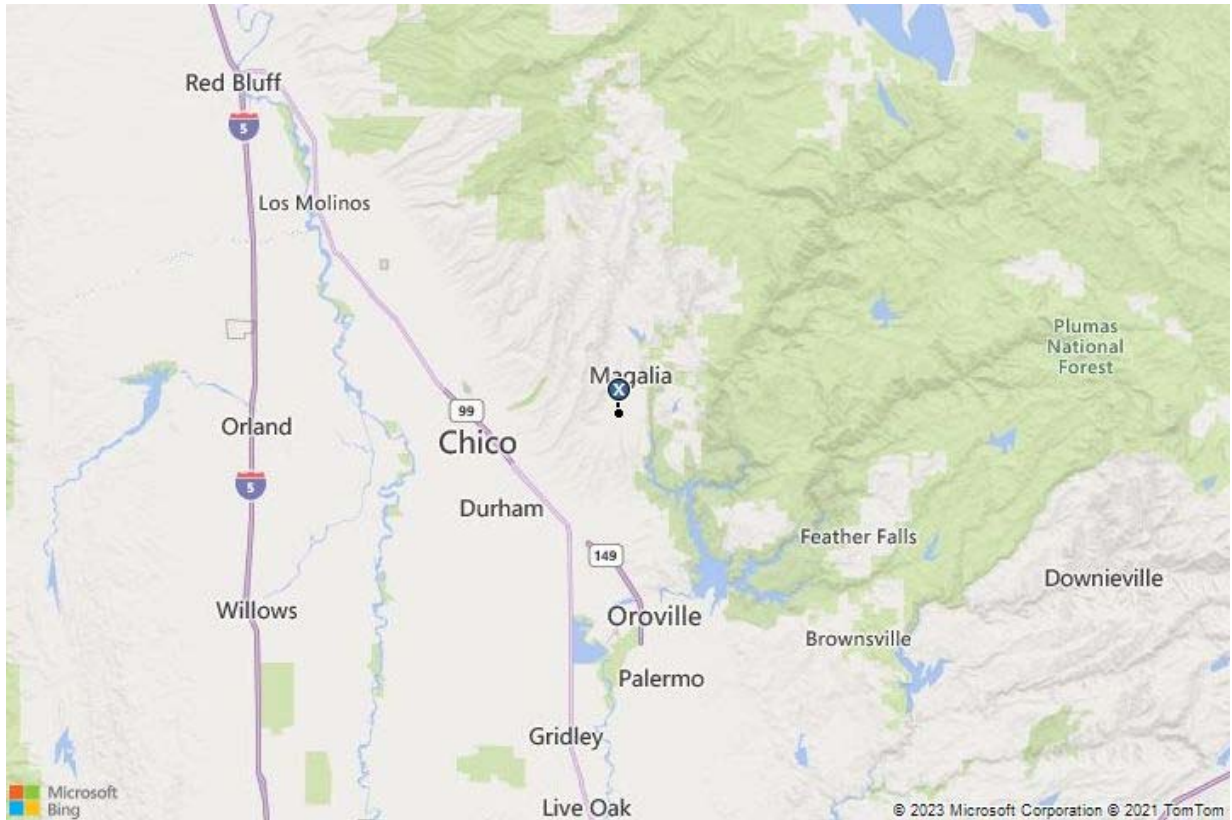
In terms of medical services, Butte County is served by numerous private practice physicians and clinics, as well as full-service hospitals in Chico and Oroville. The main health care system is Enloe Medical Center, a community-governed, non-profit organization that provides Chico and surrounding areas with hospital and emergency medical service. Enloe has a staff of more than 3,600 employees. Inpatient services are provided at the 298-bed Enloe Medical Center/Esplanade hospital, as well as the Enloe Behavioral Health Center and the Enloe Rehabilitation Center. Enloe also operates several outpatient health centers, including the Enloe Cancer Center, Enloe Outpatient Center, Enloe Children's Center, and Enloe Home Health and Hospice. The city of Oroville is home to the 133-bed Oroville Hospital, an oncology center, dialysis center and imaging center.

Conclusion

Butte County represents one of the more affordable parts of California, with relatively slow population growth over the past few years and declines experienced over the last two years. The regional economy has continued to diversify, and the largest employment sectors are education/healthcare, government and trade/transportation/utilities.

In recent years, employment and economic conditions were healthy, with unemployment rates falling to historic lows. Employment conditions declined sharply in April 2020 following the onset of the pandemic. Market and economic conditions have since improved following a re-opening of the economy in mid-2021. However, recovery continues to be gradual. Population decline and lower enrollment at Cal State Chico have affected local economic conditions, while macroeconomic factors, particularly high inflation and rising interest rates, have re-introduced uncertainty in the market.

Butte County and Surrounding Region



Surrounding Area Analysis

The subject is located in the Town of Paradise, which is in northeastern Butte County. For purposes of this appraisal, the surrounding area is the Paradise Town limits.

Access and Linkages

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	State Highway 70
Primary Corridors	Skyway, Clark Road, and Pentz Road (north-south); Wagstaff, Billie, Elliott, and Pearson Roads (east-west)
Vehicular Access Rating	Average
Public Transit	
Providers	Limited due to rural nature of the Town
Transit Access Rating	Poor
Airport(s)	
Name	Oroville Municipal Airport & Chico Regional Airport
Distance	Oroville : 25± miles; Chico: 22± miles
Driving Time	Oroville : 30± minutes; Chico: 32± minutes
Primary Transportation Mode	Automobile

Pentz Road is one of the primary north-south commercial thoroughfares that connects with all primary east-west thoroughfares within the town limits, and provides access to State Highway 70 to the south. To the south, State Highway 70 travels through Oroville and Marysville, towards Olivehurst and Plumas Lake.

A second primary thoroughfare in Paradise is Skyway, which is the main transportation route between Paradise and Chico. To the southwest, Skyway connects with State Highway 99 in Chico. To the north, Skyway travels to Magalia, as well as various other communities before terminating near the town of Butte Meadows. State Highway 99 travels through Chico and Red Bluff, before intersecting with Interstate 5 and continuing north to Redding, Oregon, Washington and Canada.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics						
2023 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Paradise	Butte County	California
Population 2020	1,136	5,043	9,398	4,764	211,632	39,538,223
Population 2023	1,244	5,296	9,373	5,055	206,392	39,455,491
Population 2028	1,397	5,698	9,526	5,477	201,678	39,882,518
Compound % Change 2020-2023	3.1%	1.6%	-0.1%	2.0%	-0.8%	-0.1%
Compound % Change 2023-2028	2.3%	1.5%	0.3%	1.6%	-0.5%	0.2%
Households 2020	565	2,282	4,050	2,153	83,268	13,475,623
Households 2023	643	2,496	4,156	2,382	80,943	13,463,717
Households 2028	735	2,749	4,312	2,646	78,774	13,644,487
Compound % Change 2020-2023	4.4%	3.0%	0.9%	3.4%	-0.9%	0.0%
Compound % Change 2023-2028	2.7%	1.9%	0.7%	2.1%	-0.5%	0.3%
Median Household Income 2023	\$59,815	\$65,663	\$69,487	\$65,255	\$67,624	\$89,113
Average Household Size	1.9	2.1	2.2	2.1	2.5	2.9
College Graduate %	19%	24%	26%	24%	29%	35%
Median Age	47	52	51	52	37	38
Owner Occupied %	60%	73%	77%	73%	59%	55%
Renter Occupied %	40%	27%	23%	27%	41%	45%
Median Owner Occupied Housing Value	\$348,168	\$377,189	\$333,416	\$384,929	\$404,809	\$722,090
Median Year Structure Built	1978	1978	1980	1978	1979	1975
Average Travel Time to Work in Minutes	27	27	29	27	23	33

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 5,296, and the average household size is 2.1. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. This is in contrast to the population of Butte County, which is projected to decline, as discussed previously.

Median household income is \$65,663, which is lower than the household income for Butte County. Residents within a 3-mile radius have a lower level of educational attainment than those of Butte County, and median owner occupied home values are also lower.

Public Services

Public services serving the neighborhood are summarized in the following table.

Public Services	
Police Department	Paradise Fire Department
Fire Department	Paradise Police Department
Hospital	Adventist Health Feather River (101-bed acute care hospital)
School District	Paradise Unified School District
Public Transit	Bus stop 0.19 miles from subject
Grocery	Holiday Market (0.35 miles from subject)

Development Activity and Trends

During the last four years since the Camp Fire, some of the recovery milestones within the Town of Paradise have included:

- Fire Debris Removal Program was 100% complete within the first year post fire, with 3.6 million total tons of debris removed.
- In an effort to remove hazardous trees that are a barrier to rebuilding, the Town launched the Paradise Tree Removal Program. In 2022, residents were able to apply for dead tree removal from their properties, and the actual removal will begin in 2023. This program is funded by a Hazard Mitigation Grant through FEMA.
- The Transportation Master Plan was completed in 2022, a document that will guide transportation improvements, like evacuation needs and pedestrian pathways.
- The town repaved and improved Pentz Road between Bille and Wagstaff which now includes a center turn lane and a multi-use pathway which can be used for walking or biking, and in the case of emergency can be used for evacuation or emergency vehicles. This project was designed to improve the walkability, bike ability, and overall safety of the road leading to Paradise Ridge Elementary, and also serves as a model for other road improvements in town to add evacuation capacity. Repaving of Skyway began in 2022, with a goal to repave the whole town by 2025.
- The Paradise Sewer Project will provide a long-term solution for wastewater collection, transport, and treatment in specific areas of Paradise. An Environmental Impact Report (EIR) was completed and the town is preparing for the design phase of the project.
- The Early Warning System, which will notify residents of an emergency using 21 siren towers, will provide a redundant notification system with siren and voice commands all across Paradise. In 2022, FEMA awarded the Town funding to construct the system. The town approved the system, chose a builder, and began prepping for the build. Installation of the towers is expected in Spring 2023.

To date, roughly 350 businesses reopened or opened their doors for the first time in Paradise. In addition, 1,730± homes have been rebuilt and 2,660± building permit applications have been received. The current population estimate is around 7,000.

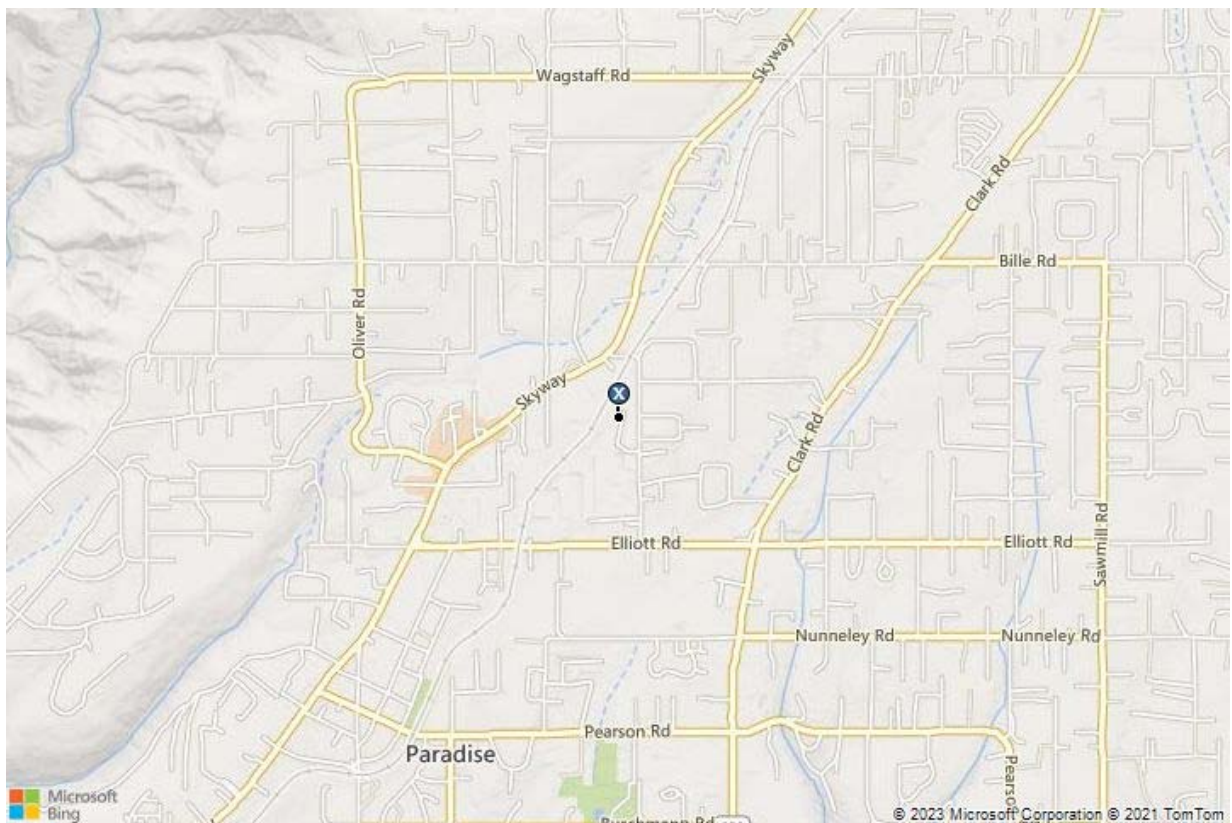
Land uses immediately surrounding the subject are summarized on the following table.

Immediate Surroundings	
North	Commercial/Retail
South	Paradise High School
East	Vacant Land (formerly single family residential)
West	Walk/Bike Trail with Commercial beyond

Outlook and Conclusions

The area is in the redevelopment stage of its life cycle as it recovers from the Camp Fire in 2018. The subject property is located in an area comprised of a mix of residential and commercial development, with supporting community and recreational uses. It has good access to neighborhood and regional thoroughfares, with average demographics and middle-income levels. Although there is vacant land in the neighborhood, demographic reports project population tends within the immediate area to continue to decline, at a slightly faster pace compared to Butte County overall, in the next five years. It is expected that residential demand in the market area will remain limited, and a prolonged recovery is anticipated in the subject's neighborhood for the foreseeable future.

Surrounding Area



Multifamily Market Analysis

The subject is located in the Chico metro area as defined by CoStar, which includes all of Butte County. Trended supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for multifamily properties are presented in the following table.

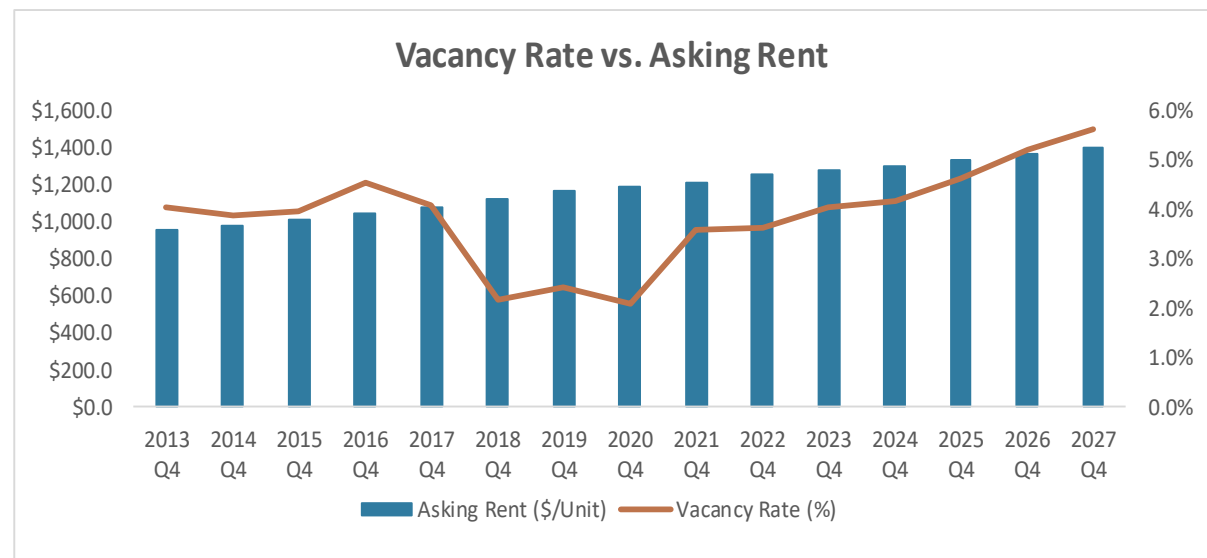
All Multifamily Chico Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2013 Q4	9,745	9,349	4.06%	0	30	73	\$959	2.19%	2.89%	6.94%
2014 Q4	9,775	9,395	3.89%	30	308	47	\$980	2.11%	8.31%	6.53%
2015 Q4	10,083	9,683	3.96%	308	167	289	\$1,009	3.04%	7.63%	6.37%
2016 Q4	10,250	9,784	4.54%	167	261	100	\$1,048	3.79%	6.35%	6.26%
2017 Q4	10,360	9,938	4.08%	110	43	161	\$1,082	3.31%	5.88%	6.15%
2018 Q4	10,343	10,117	2.18%	-17	344	185	\$1,128	4.19%	8.73%	5.94%
2019 Q4	10,486	10,230	2.44%	143	201	116	\$1,165	3.27%	9.72%	5.65%
2020 Q4	10,687	10,461	2.11%	201	294	248	\$1,187	1.95%	7.08%	5.42%
2021 Q4	11,133	10,735	3.58%	446	197	276	\$1,210	1.89%	6.49%	5.41%
2022 Q4	11,336	10,925	3.63%	203	114	190	\$1,253	3.57%	0.80%	5.47%
2023 Q4	11,441	10,976	4.06%	105	0	52	\$1,278	1.98%	-0.28%	5.55%
2024 Q4	11,445	10,968	4.17%	4	0	-9	\$1,302	1.93%	2.04%	5.53%
2025 Q4	11,483	10,951	4.64%	38	0	-18	\$1,334	2.44%	2.61%	5.52%
2026 Q4	11,571	10,967	5.22%	88	0	16	\$1,367	2.50%	2.86%	5.52%
2027 Q4	11,668	11,014	5.61%	97	0	47	\$1,397	2.14%	2.21%	5.52%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Chico Metro Rent and Vacancy Trends

The following graph summarizes rent and vacancy trends for the metro.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

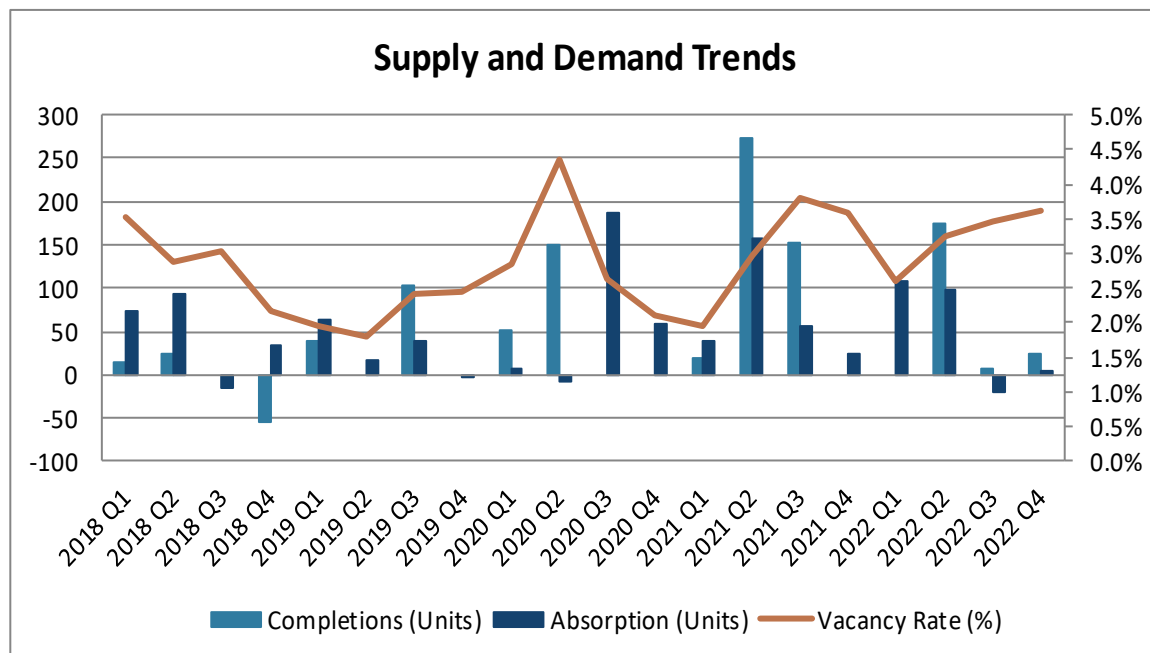
Metro Rent Trends: The metro has experienced moderate rent growth trends over the prior decade. Market rents saw their highest increases in 2018 after the loss of a significant amount of housing stock (single and multifamily) in the Camp Fire. In Q4 2022, the average asking rent of \$1,253 per month represents a 3.57% increase over the prior 12 months. On an overall basis, the average asking rent has seen a 30.7% increase over the past ten years. Going forward, CoStar projects rent increases ranging from 1.93% to 2.50% over the next five years.

Metro Vacancy Trends: Over the past decade, vacancy rates in the metro ranged from 2.11% to 4.54%, remaining below five percent. As discussed earlier in the Butte County Area Analysis and Surrounding Area Analysis, the region experienced a decrease in housing inventory (single and multifamily) in 2018 as a result of loss from the Camp Fire. This resulted in decreases in vacancy from 2018 to present as rebuilding is still underway.

As of Q4-2022, the metro's vacancy rate was 3.63%, an increase of 5 basis points from the prior year. Going forward, the vacancy rates are projected to increase to the 4.06% to 5.61% range through Q4-2027 as new inventory continues to be added to the market area and the metro's apartment market responds to current macroeconomic conditions.

Metro Construction and Absorption

The following graph summarizes construction, absorption, and vacancy trends for the metro.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Metro Construction Trends: Over the past decade, 1,591 net units have been added to the metro, with 203 net units added to the metro during the 12-month period ending Q4-2022. Going forward, CoStar projects a total of 332 net units will be added to the metro through Q4-2027.

Metro Absorption Trends: Net absorption has remained positive in the metro area ranging from 47 up to 289 units annually over the past ten years. A net absorption of 190 units reported for the 12-month period ending Q4-2022. Going forward, CoStar projects a total net absorption of 88 units over the next five years, with two years of negative absorption. Based on the regional demand, and in the inclusion of California State University Chico located in the metro area, it is expected that the region will continue strong demand for rental units.

Affordable Housing Multifamily Market Overview

LIHTC Introduction

The Low-Income Housing Tax Credit Program (LIHTC) was created under the Tax Reform Act of 1986 and has become the most significant Federal program for the production and preservation of affordable rental housing in the nation. LIHTC accounts for the majority of all affordable rental housing created in the United States today, with 2.97 million LIHTC units placed in service since the program's creation.

The LIHTC program gives investors a dollar-for-dollar reduction in their Federal tax liability in exchange for providing financing to develop affordable rental housing. Investors' equity contribution subsidizes low-income housing development, thus allowing some units to rent at below-market rates. In return, investors receive tax credits paid in annual allotments, generally over 10 years.

Claimed pro rata over 10 years, the tax credit can be used to construct new or renovate existing rental buildings. The LIHTC is designed to subsidize either 30% or 70% of the low-income unit costs in a project. The 30% subsidy, which is known as the 4% tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings. The 70% subsidy, which is known as the 9% tax credit, supports new construction without any additional Federal subsidies.

Developers may claim LIHTCs themselves; however, due to limitations and the lack of enough taxable income, most developers choose to find tax credit investors, who provide cash that is channeled into the development. The developer can either work with an investor who invests directly into a partnership (or LLC) and receives tax credits or work with a syndicator who acts as a broker between the developer and investor. To benefit from economies of scale, syndicators pool several projects into one LIHTC equity fund. Then, syndicators market the tax credits to investors who essentially invest in a piece of the syndicator's fund. This spreads the risk across the various projects benefiting from the fund.

Within general guidelines set by the Internal Revenue Service (IRS), state housing agencies administer the LIHTC program. State agencies review tax credit applications submitted by developers and allocate the credits. The IRS requires that state allocation plans prioritize projects that serve the lowest-income tenants and ensure affordability for the longest period. In the State of California, the California Tax Credit Allocation Committee (TCAC) administers the Federal and state Low-Income Housing Tax Credit Programs.

On a Federal level, properties that received LIHTC allocations before 1990 are subject to a 15-year period during which LIHTC units must remain affordable. For those properties with allocations in 1990 or later, there is an additional 15-year restricted-use period, for a total of 30 years. However, in some

circumstances the owner of an LIHTC property with a 30-year restriction can elect to leave the program early. California law generally requires a 55-year extended use period for 9% tax credit projects. Also, 4% tax credit recipients frequently access significant boosts to their basis limits by agreeing to 55-year extended use restrictions.

Subject Income and Rent Restrictions

Upon completion of construction the subject will be encumbered by regulatory agreements with the California Tax Credit Allocation Committee (CTCAC) and CDBG that will restrict the subject to affordable housing use. The subject's most restrictive set-aside layer will restrict 42 of the subject units to households earning at or below 30%, 40%, 50% and 60% of area median income (AMI) for Butte County. The remaining unit will be a non-revenue unit designated for employee occupancy. The property will not have any project-based subsidies.

Current maximum allowable rents and utility allowances for each of the subject's set-aside layers are summarized in the following table.

Restricted Maximum Allowable Rental Rates									
California Tax Credit Allocation Committee (CTCAC) Regulatory Agreement									
5 units at 30% AMI, 5 units at 40% AMI, 22 units at 50% AMI, 10 units at 60% AMI + 1 employee unit									
Unit Type	Average Unit Size	Number of Units	Income Restriction	Gross Restricted Rent	Utility Allowance	Net Restricted Rent	Most Restrictive Set-Aside		
							Restricted	Unsubordinated	
1Bd/1Ba	619	1	30% AMI	\$438	\$120	\$318	Yes	No	
1Bd/1Ba	619	2	40% AMI	\$585	\$120	\$465	Yes	No	
1Bd/1Ba	619	6	50% AMI	\$731	\$120	\$611	Yes	No	
1Bd/1Ba	619	3	60% AMI	\$877	\$120	\$757	Yes	No	
2Bd/1Ba	821	2	30% AMI	\$526	\$144	\$382	Yes	No	
2Bd/1Ba	821	2	40% AMI	\$702	\$144	\$558	Yes	No	
2Bd/1Ba	821	10	50% AMI	\$877	\$144	\$733	Yes	No	
2Bd/1Ba	821	4	60% AMI	\$1,053	\$144	\$909	Yes	No	
3Bd/2Ba	1,072	2	30% AMI	\$607	\$171	\$436	Yes	No	
3Bd/2Ba	1,072	1	40% AMI	\$810	\$171	\$639	Yes	No	
3Bd/2Ba	1,072	6	50% AMI	\$1,013	\$171	\$842	Yes	No	
3Bd/2Ba	1,072	3	60% AMI	\$1,215	\$171	\$1,044	Yes	No	
2Bd/1Ba	821	1	Employee						
Community Development Block Grant - Disaster Relief (CDBG-DR) Regulatory Agreement									
All units at or below 80% AMI									
Unit Type	Average Unit Size	Number of Units	Income Restriction	Gross Restricted Rent	Utility Allowance	Net Restricted Rent	Most Restrictive Set-Aside		
							Restricted	Unsubordinated	
1Bd/1Ba	619	12	High HOME	\$895	\$120	\$775	No	No	
2Bd/1Ba	821	19	High HOME	\$1,118	\$144	\$974	No	No	
3Bd/2Ba	1,072	12	High HOME	\$1,284	\$171	\$1,113	No	No	

Butte County Affordable Housing Market

The subject is located in the Butte County affordable housing market as defined by CoStar. Trended supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for affordable housing properties are presented in the following table. As of Q4-2022, CoStar tracked a total of 2,397 affordable housing units within Butte County.

Butte County Affordable Multifamily Performance Trends

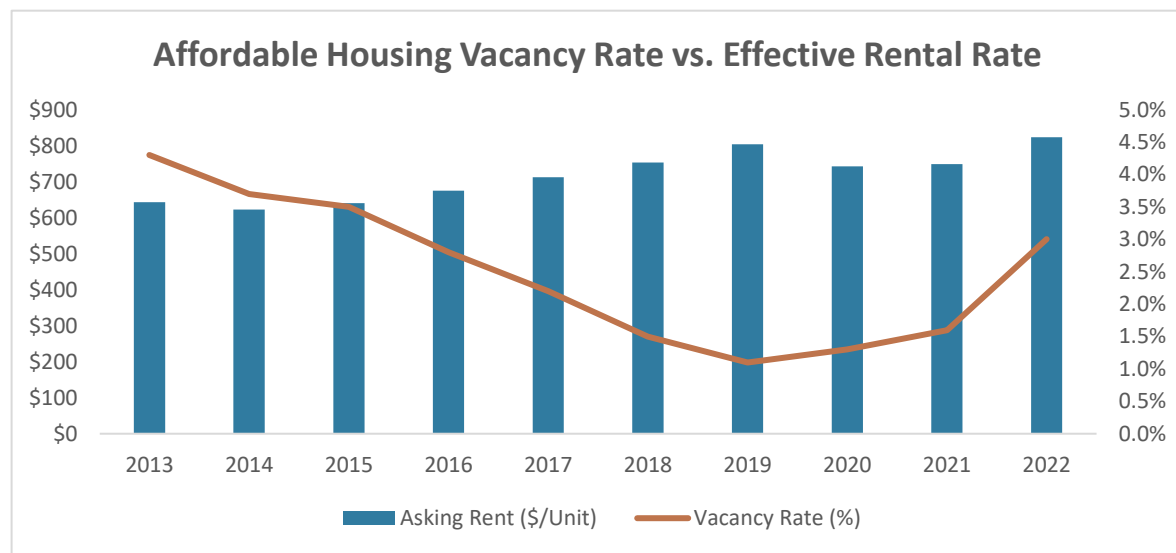
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Asking Rent
	# Bldgs	Units	Units	%		# Bldgs	Units	# Bldgs	Units	
2013	39	2,198	94	4.3%	30	-	-	1	89	\$643
2014	40	2,287	84	3.7%	100	1	89	-	-	\$623
2015	40	2,287	79	3.5%	5	-	-	-	-	\$640
2016	40	2,287	65	2.8%	14	-	-	-	-	\$675
2017	40	2,287	50	2.2%	15	-	-	-	-	\$712
2018	39	2,263	34	1.5%	-9	-	-	-	-	\$753
2019	39	2,263	24	1.1%	10	-	-	-	-	\$804
2020	39	2,263	29	1.3%	-5	-	-	2	179	\$743
2021	39	2,263	36	1.6%	-7	-	-	7	604	\$749
2022	41	2,397	73	3.0%	98	2	134	5	470	\$824

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Note: Information is pulled from CoStar's Property Analytics database which is a continuously updated to reflect current market conditions. These updates may result in inconsistencies when compared to CoStar's Market & Submarket reports.

Affordable Housing Rent and Vacancy Trends

The following graph summarizes rent and vacancy trends for affordable housing for Butte County.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

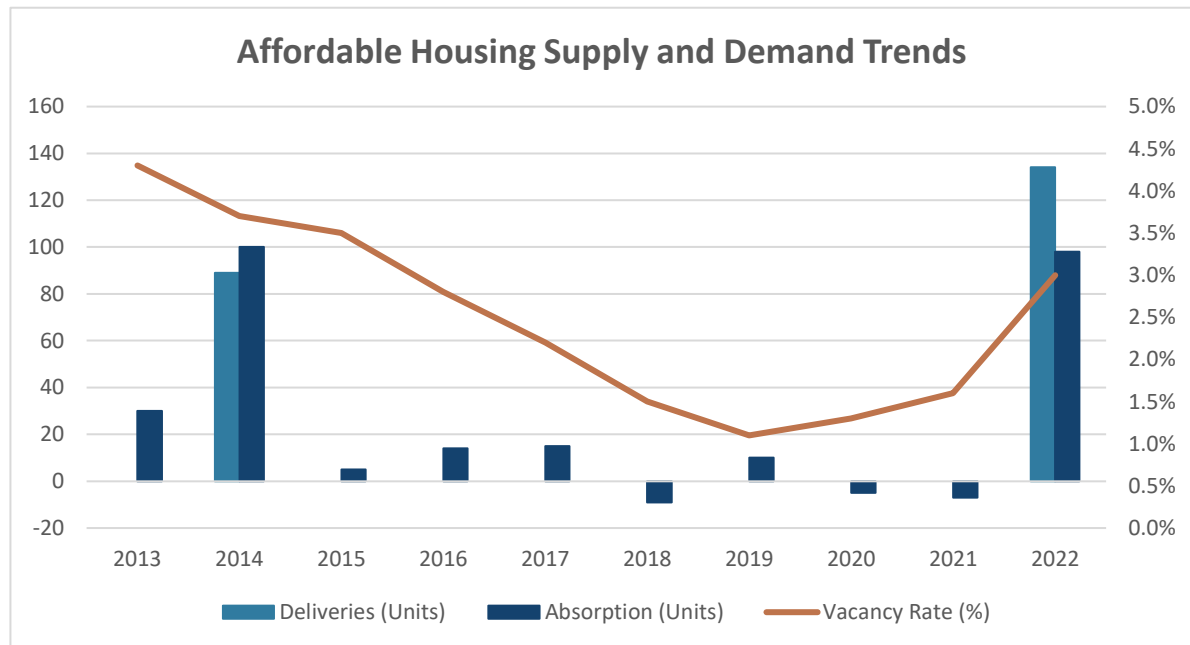
Rental rates for income-restricted affordable housing properties are calculated based on a formula using the area median income published for the county in which the property is located. Butte County has experienced increases in its area median income over the prior decade, which has in turn resulted in moderate rental rate increases in the county. As of Q4 2022, the average asking rent for affordable housing in Butte County was \$824, which is an increase of 10% from the end of 2021. CoStar does not publish rent projections for the custom analytics data used in this analysis.

An undersupply of housing throughout the region coupled with strong increases in rents for market-rate properties has fueled tenant demand for income-restricted affordable housing and has placed strong downward pressure on affordable housing vacancy rates. Over the prior decade, vacancy rates

for affordable housing properties in the Butte County have ranged from 1.1% to 4.3% , which is slightly below vacancy rates for market-rate properties in the county over the same period. As of Q4 2022, the vacancy rate for affordable housing in Butte County was 3.0%. CoStar does not publish vacancy projections for the custom analytics data used in this analysis.

Affordable Housing Construction and Absorption

The following graph summarizes construction, absorption, and vacancy trends for the affordable housing in Butte County.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Over the prior decade, 223 new affordable housing units have been added to Butte County's inventory. As of Q4 2022 an additional 470 units are reported under construction. Demand is extremely high for affordable housing units in the county; however, absorption is significantly constrained by a severe shortage of affordable housing coupled with construction of affordable housing not keeping pace with demand.

HUD 4-Person Area Median Income

As of 2022, the 4-person AMI for Butte County, as reported by the United States Department of Housing and Urban Development (HUD), is \$85,000.

Number of Income-Qualified Households

Based on the maximum income levels published by CTCAC, a minimum household size of one person, and a maximum household size of 2 persons per bedroom, the subject's income brackets are as follows (rounded to the nearest \$1,000).

Maximum Household Income

	Unit Type	HH Size	AMI %	Maximum HH Income*	Concluded Income
Minimum	1-Bedroom	2-Person	30%	\$18,720	\$19,000
Maximum	3-Bedroom	6-People	60%	\$54,240	\$54,000

*Source: CTCAC; Novogradac

The subject's income bracket, as compared to current household income levels for the City of Paradise and overall Butte County (broken down by household income distribution), are included in the following tables.

Household Income Distribution - City of Paradise

Income Range	No Households*	% of Total Households	Income Bracket	% of Bracket Qualified	No. Households Able to Qualify	% of Total Households
< \$15,000	283	12%			0	0%
\$15,000 - \$24,999	258	11%	\$19,000	60%	155	6%
\$25,000 - \$34,999	245	10%		100%	245	10%
\$35,000 - \$49,999	208	9%		100%	208	9%
\$50,000 - \$74,999	325	14%	\$54,000	16%	52	2%
\$75,000 - \$99,999	363	15%			0	0%
\$100,000+	700	29%			0	0%
Total Households	2,382	100%			660	28%
Renter Households	636	26.7%			176	7%

*Source: Claritas, 2022 Data

Household Income Distribution - Butte County

Income Range	No Households*	% of Total Households	Income Bracket	% of Bracket Qualified	No. Households Able to Qualify	% of Total Households
< \$15,000	7,968	10%			0	0%
\$15,000 - \$24,999	7,400	9%	\$19,000	60%	4,440	5%
\$25,000 - \$34,999	7,252	9%		100%	7,252	9%
\$35,000 - \$49,999	8,870	11%		100%	8,870	11%
\$50,000 - \$74,999	12,368	15%	\$54,000	16%	1,979	2%
\$75,000 - \$99,999	10,086	12%			0	0%
\$100,000+	26,999	33%			0	0%
Total Households	80,943	100%			22,541	28%
Renter Households	10,967	40.6%			9,156	11%

*Source: Claritas, 2022 Data

Based on the prior analysis, 176 (7%) of households in Paradise are renter households with household incomes that qualify for the subject's income restrictions. For the County of Butte, 9,156 renter households (11%) will qualify for the subject's income restrictions.

Subject Capture Rate

Based on the number of income qualified households calculated in the prior section, the subject's capture rate is estimated in the following table. Overall, there is an adequate pool of households that qualify for the subject's income-restricted units.

Capture Rate Analysis		
	City of Paradise	Butte County
Income Qualified Renter Households	176	9,156
Number of Subject Units	43	43
Subject Capture Rate	24.4%	0.5%

Multifamily Market Conclusions

Despite pandemic market conditions, rental rates for market-rate properties in the metro and submarket area continued increasing and vacancy rates decreased in the metro and submarket. The affordable housing segment was nominally impacted by the pandemic due to the extremely high demand for income-restricted affordable housing units region-wide.

However, market participants report the aggressive interest rate hikes by the Fed since March 2022 in response to historic levels of inflation are negatively impacting multifamily sector, particularly in recent months. Multifamily sales activity has slowed significantly and deals that were negotiated in early 2022 cannot not be replicated at the same terms today. Buyers are less motivated in the current market and are now seeking pricing discounts in their acquisitions. Multifamily brokers note sellers must manage their expectations in the current market; noting buyers are seeking price discounts of 5%-20% relative to transactions in early 2022, depending on location. While sellers are adjusting their expectations, most seller expectations are not yet in-line with buyers.

Despite macroeconomic conditions, market fundamentals for the affordable housing rental market are expected to remain strong for the foreseeable future due to the severe shortage of affordable housing region-wide. Most of the impacts of high inflation and increasing interest rates on the affordable housing sector are occurring on the operations (reflected in increasing operating expenses) and development (reflected in increasing construction costs). Affordable housing rental rates are expected to continue to follow median household income trends for the county. Affordable housing vacancy rates are expected to remain extremely low considering high tenant demand, low turnover, and constrained supply.

Property Analysis

Land Description and Analysis

Location

The property is located on the west side of Maxwell Drive, south of Central Park Drive, in the town of Paradise, Butte County, California.

Land Area

The following table summarizes the subject's land area.

Land Area Summary						
Tax ID	Gross SF	Net SF	Unusable SF	Gross Acres	Net Acres	Unusable Acres
053-380-001 thru 044 and 099	304,920	276,606	28,314	7.00	6.35	0.65
Source: ALTA Survey dated April 15, 2022 prepared by Robertson Erickson Civil Engineers & Surveyors						

As of the effective date, the subject property represents a total of 44 parcels. The site was previously improved with a condominium property that was destroyed in a fire in 2018. Per information provided by the borrower, the same number of units will be constructed on the site with the same building pad areas and no changes will be made to the parcels. The condominium map will remain in place.

The difference between the net and gross and net acreage is a sloped area along the northern and western portions of the property.

Shape and Dimensions

The subject site has an irregular shape. Site utility based on shape and dimensions is average.

Topography

The site has a sloping topography to the west. There are flat building pads throughout the property for site development. The topography does not result in any particular development limitations as there is 6.35 net acres of developable area.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	06007C0400E
Date	January 6, 2011
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Seismic Hazards

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate "Earthquake Fault Zones" (formerly known as "Special Studies Zones") along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

Based on the *Earthquake Zones of Required Investigation* map published by the State of California Department of Conservation, the subject is not located within an Earthquake Fault Zone as defined by the Alquist-Priolo Earthquake Fault Zoning Act. These maps indicate the subject has not been evaluated for Liquefaction Zone or Seismic Landslide Zone.

Environmental Hazards

An environmental site assessment was not provided. During the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the appraisers' scope of expertise and further study by an appropriately qualified professional is recommended to assess environmental hazards. This appraisal assumes the property is not adversely affected by environmental hazards.

Ground Stability

A Geotechnical Investigation prepared for the subject by Allerion Consulting Group, Inc. on September 1, 2022 indicates development of the site with the proposed subject improvements is possible provided that a number of recommendations are followed. Ground stability issues are beyond the scope of the appraisers' expertise. Based on the information reported in the Geotechnical Investigation, we assume the subject's soil bearing capacity is sufficient to support the proposed subject improvements and all recommendations stipulated in the Geotechnical Investigation will be followed.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage	
Street	Maxwell Drive
Frontage Feet	± 150
Paving	Asphalt
Curbs	Yes
Sidewalks	Yes
Lanes	2 way, 1 lane each way
Direction of Traffic	North/South
Condition	Average
Traffic Levels	Low
Signals/Traffic Control	None at Subject
Access/Curb Cuts	One
Visibility	Fair

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	Paradise Irrigation District
Sewer	Town of Paradise
Electricity	Pacific, Gas & Electric
Natural Gas	Pacific, Gas & Electric
Local Phone	Various Providers

Zoning

The subject is within the Multiple-Family Residential Zone. The following table summarizes the applicable zoning requirements affecting the subject.

Zoning Summary		
Zoning Jurisdiction	Town of Paradise	
Zoning Designation	MF	
Description	Multiple-Family Residential Zone	
Legally Conforming?	Appears to be legally conforming	
Zoning Change Likely?	No	
Permitted Uses	Multifamily residential, single family residential, community care facility, family home daycare, open space	
Category	Zoning Requirement	Proposed Conditions
Minimum Lot Area	10,890 SF	Conforming
Minimum Street Frontage (Feet)	40	Conforming
Minimum Lot Width (Feet)	65	Conforming
Minimum Setbacks (Feet)	5-30	Conforming
Maximum Building Height	35 Feet	Conforming
Maximum Site Coverage	Building Coverage: 35%; 60% Impervious Coverage	Conforming
Maximum Density	15 units per acre	Conforming
Maximum Floor Area Ratio	0.5	Conforming
Parking Requirement	Units < 700 SF: 1.2 spaces/unit Units 700-1,200 SF: 1.5 spaces/unit Units > 1,200 SF: 1.8 spaces/unit	Conforming; Project is required to have 65 spaces and is proposed to have 88 spaces
Entitlements	As of effective date, site is fully entitled for development of a 43-unit, garden-style multifamily property.	
Source: Town of Paradise Zoning Ordinance		

According to the local planning department, there are no pending or prospective zoning changes. It appears that the proposed use of the site is a legally conforming use.

Legal interpretation of zoning ordinances is beyond the appraisers' scope of expertise. If a determination of zoning compliance is required, engagement of an appropriately qualified real estate attorney is recommended to assess the subject's zoning compliance.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Rent Control Regulations

California Rent Control Regulations

The California Tenant Protection Act (AB 1482) went into effect on January 1, 2020, which caps rent increases statewide for qualifying units at either 5% plus the rate of inflation or 10% of the lowest gross rental rate charged at any time during the 12 months prior to the increase (whichever is lower). Additionally, rent may only be raised once over any 12-month period. The following are exempt from AB 1482:

- Units that can be individually sold if the owner is not a corporation, a real estate investment trust (REIT), or a limited liability corporation (LLC) in which one member is a corporation, and if the tenant has received written notice that the unit is exempt in the form and manner required by the bill. This includes single family homes on their own lot as well as condominiums. However, it does not include multiple single-family homes on the same lot;
- Housing built within the last 15 years, including accessory dwelling units (rolling date, currently buildings constructed 2008 or later are exempt);
- A duplex in which the owner occupies one of the units at the beginning of the other unit's tenancy and the owner continues to occupy one of the units;
- Housing restricted by a deed, regulatory restrictions, or other recorded document limiting the affordability to low or moderate income households;
- Mobile homes;
- Certain dormitories;
- Units that are subject to a local rent control ordinance under the 1995 Costa-Hawkins Rental Housing Act with more restrictive rent increase caps than AB 1482.

The subject will be a deed-restricted affordable housing property and is therefore exempt from AB 1482.

Easements, Encroachments and Restrictions

Based on a preliminary title report prepared by Mid Valley Title and Escrow on October 3, 2022, the subject is encumbered by various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value.

This valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Entitlements

As of the effective date of value, the subject was fully entitled for development with a 43-unit, garden style multifamily property.

Existing Improvements

As discussed earlier, the site was previously improved with a condominium property that was destroyed in the 2018 Camp fire. As of the date of inspection, asphalt paving was located on the site as former driveways and parking for the previous improvements. All existing asphalt will be demolished and new driveways areas will be installed. We have not estimated contributory value to any existing improvements in our analysis.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site suitable for the property uses allowed by zoning. No other restrictions on development are apparent.

Aerial Photograph

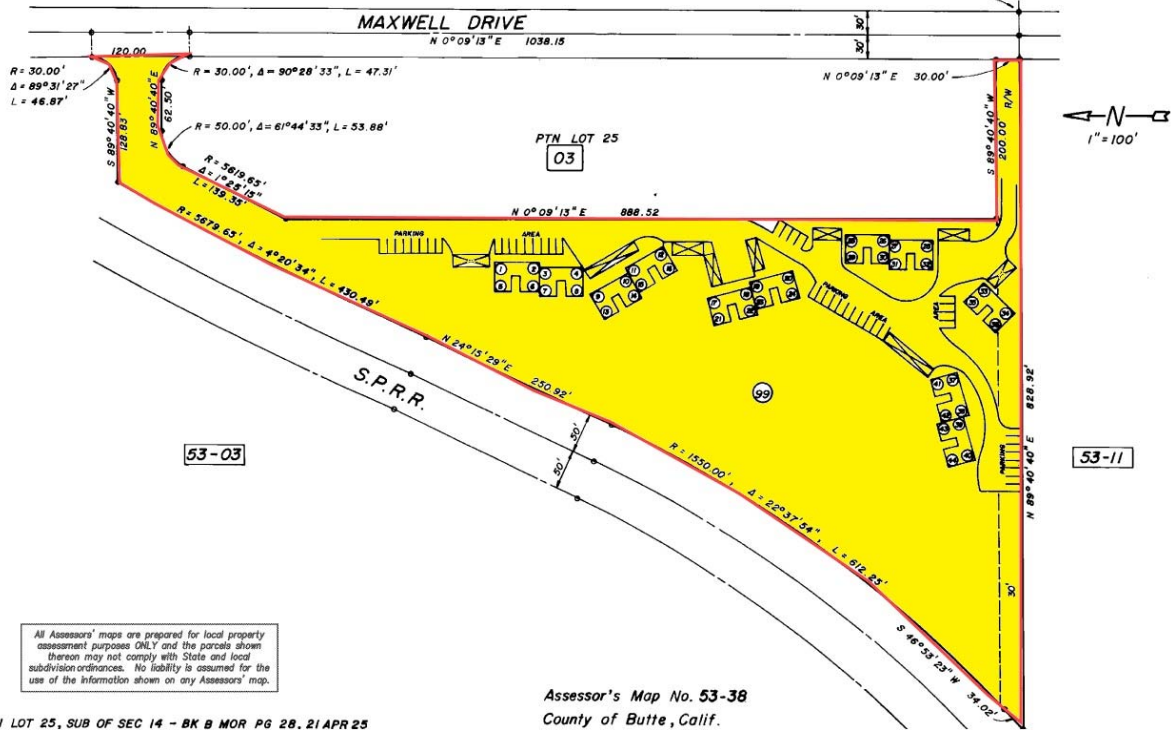


Assessor's Parcel Map

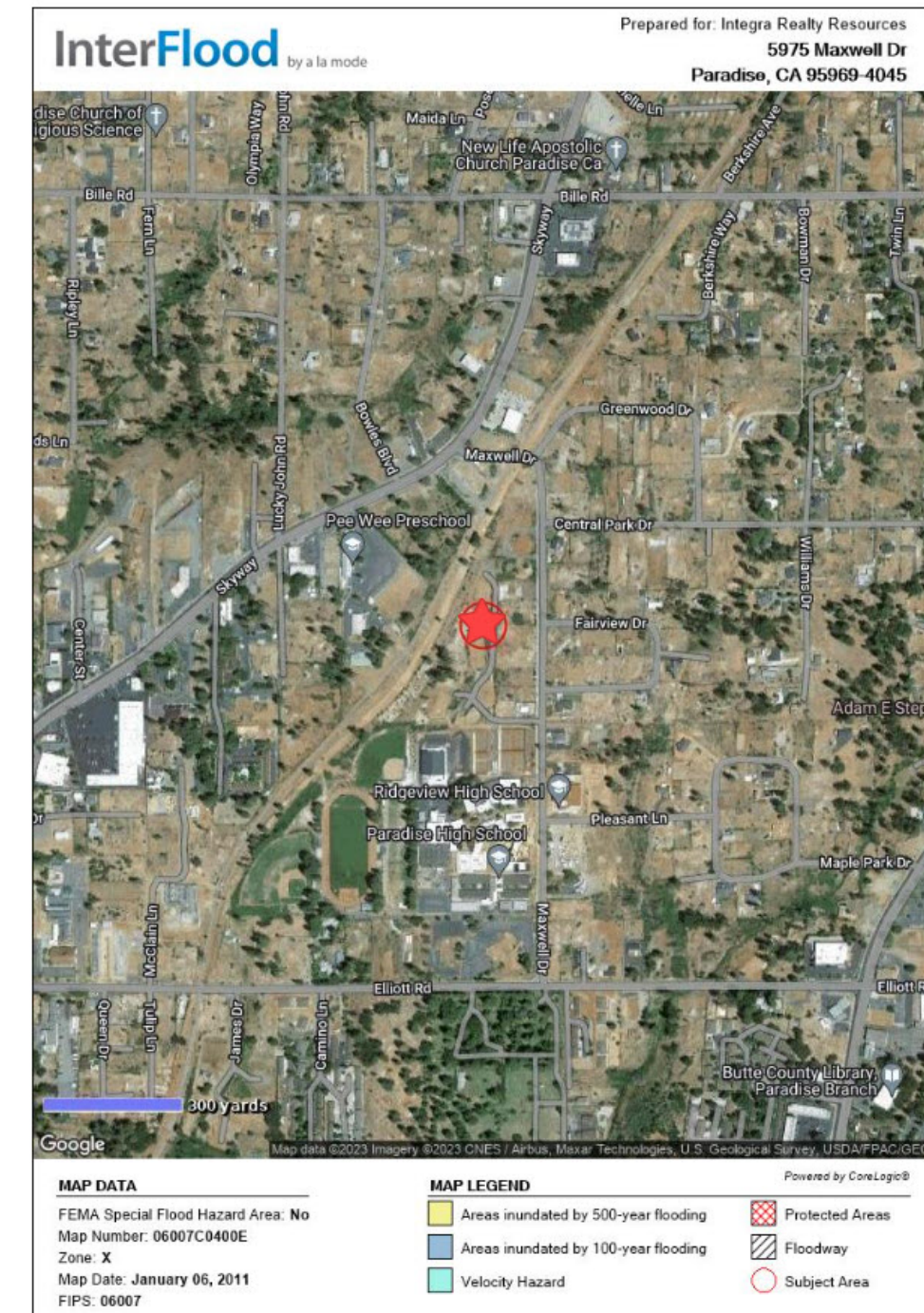
CENTRAL PARK CONDOMINIUM SUBDIVISION - SEC 14, T22N, R3E

SW COR CENTRAL PARK SUB

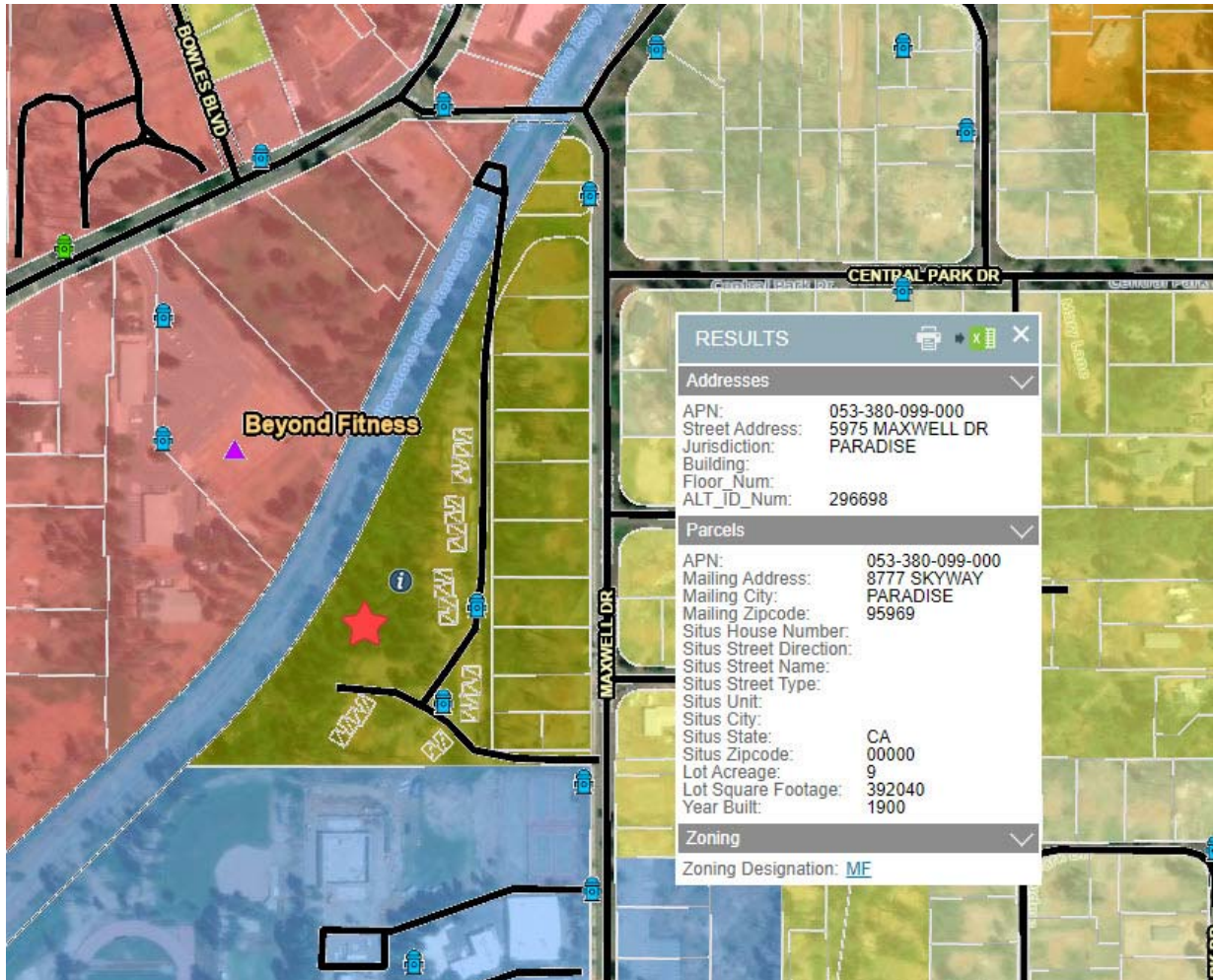
53-38



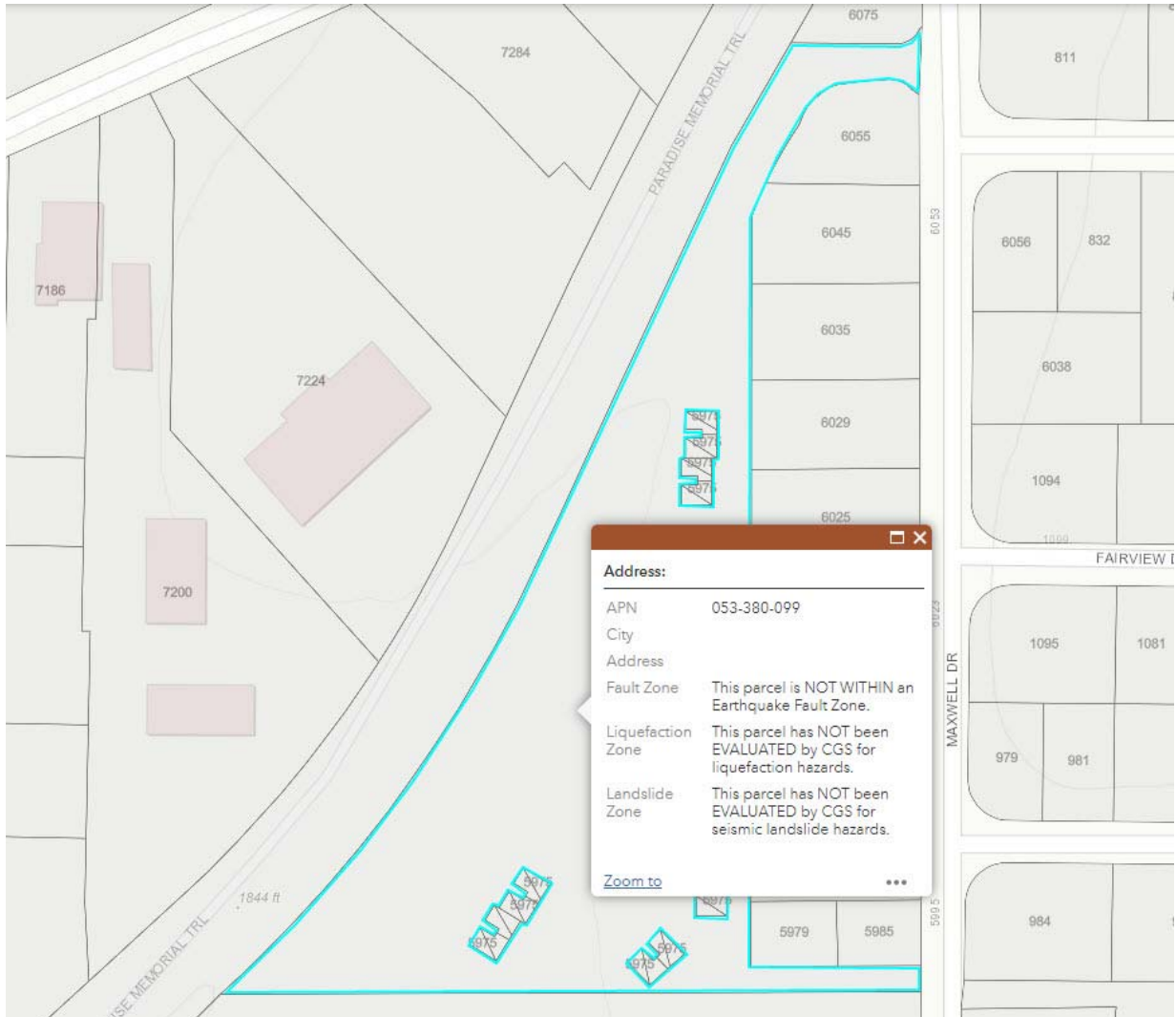
Flood Hazard Map



Zoning Map



Seismic Hazards Map



Regulatory and Subsidy Agreements

Existing Regulatory and Subsidy Agreements

As of the effective date of value, the subject was not encumbered by any regulatory agreements that restrict use of the subject site to affordable housing.

Proposed Regulatory and Subsidy Agreements

Upon completion of construction the subject will be encumbered by the following regulatory and subsidy agreements.

Regulatory Agreement – California Tax Credit Allocation Committee (CTCAC)

- **Compliance Term:** 55 years
- **Number of Restricted Units:** 42 units + 1 employee unit
- **Income Restrictions:** 5 units at 30% AMI, 5 units at 40% AMI, 22 units at 50% AMI, 10 units at 60% AMI + 1 employee unit
- **Covenants Run with the Land:** Yes
- **Unsubordinated:** No
- **Targeted Demographic Requirements:** None

Regulatory Agreement – Community Development Block Grant – Disaster Recovery (CDBG-DR)

- **Compliance Term:** 30 years
- **Number of Restricted Units:** 42 units + 1 employee unit
- **Income Restrictions:** HOME High Rent levels
- **Covenants Run with the Land:** Yes
- **Unsubordinated:** No
- **Targeted Demographic Requirements:** None

As of the effective date of value, the subject's proposed regulatory and subsidy agreements had not yet been recorded against the property. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the final terms of the subject's proposed regulatory and subsidy agreements will not substantially differ from the information provided by the developer.

Improvements Description and Analysis

Overview

The site is proposed to be developed with a 43-unit, garden-style apartment property. Upon completion, the project will have a unit mix of one, two and three bedroom floorplans. Construction is scheduled to commence in March 2023 and is expected to be complete in May 2024.

The following description is based on discussions with ownership, and a review of building plans dated December 9, 2022, prepared by SDG Architects. The values of the proposed subject improvements are based on the extraordinary assumption that the subject's construction quality and finishout at completion will not substantially differ from the information provided by the developer.

Improvements Description	
Name of Property	Eaglepointe Apartments
General Property Type	Multifamily
Property Sub Type	Garden
Number of Buildings	6
Stories	2
Building Shape	Irregular
Construction Class	D
Construction Type	Wood frame
Construction Quality	Good
Condition	New
Number of Units	43
Units per Acre (Density)	6.1
Gross Building Area (SF)	37,594
Rentable Floor Area (SF)	35,891
Land Area (SF)	304,920
Floor Area Ratio (RFA/Land SF)	0.12
Floor Area Ratio (GBA/Land SF)	0.12
Building Area Source	Building Plans
Year Built	Proposed Completion 2024
Actual Age (Yrs.)	0
Estimated Effective Age (Yrs.)	0
Estimated Economic Life (Yrs.)	60
Remaining Economic Life (Yrs.)	60
Number of Parking Spaces	88
Source of Parking Count	Building Plans
Parking Type	44 Carports and 44 Open Spaces
Parking Spaces/Unit	2.0
Landscaping	Average quality landscaping

Construction Details

Foundation	Concrete
Basement	None
Structural Frame	Wood Frame
Exterior Walls	Stucco and veneer
Windows	Dual Pane, Energy Efficient
Roof	Pitched
Heating	Central per unit - Gas
Air Conditioning	Electric
Hot Water	Gas
Elevators	None
Sprinklers	Yes
Security	Deadbolts on apartment entry doors
Unit Description	
Entry Type	All units will have private entry. There will not be any common area hallways or corridors
Interior Walls	Painted and textured drywall
Floor Cover	LVT and carpet
Kitchen Equipment	Gas range/oven, refrigerator, dishwasher, stone countertops, average grade cabinetry
Laundry Facilities	Each unit will have a washer/dryer.
Bathroom Fixtures	Shower/tub combo with fiberglass surround, single sink vanity

Unit Mix

The subject's proposed unit mix and rentable building areas are detailed in the following table.

Proposed Unit Mix

Unit Type	Units	% of Total	Avg. Unit Size	Total SF
1Bd/1Ba	12	27.9%	619	7,428
2Bd/1Ba	19	44.2%	821	15,599
3Bd/2Ba	12	27.9%	1,072	12,864
TOTAL/AVG.	43	100.0%	835	35,891

Unit Mix By Building

Building	1Bd/1Ba 619 SF	2Bd/1Ba 821 SF	3Bd/2Ba 1,072 SF	Utility	Amenity Space	Total Units	No. Buildings	Gross Building Area
A	4		4	33		24	3	20,391
B		8		41		16	2	13,218
C		3		237	1,285	3	1	3,985
Total	12	19	12			43		37,594

Unit Features and Project Amenities

Standard unit features and project amenities for this market are shown in the table below, followed by a notation of whether the features and amenities are present at the subject.

Unit Features and Project Amenities			
Unit Features	At Subject	Project Amenities	At Subject
Patios/Balcony	X	Gated Entrance	
Fireplace		Swimming Pool	
Vaulted Ceilings		Spa/Hot Tub	
Dishwasher	X	Sauna	
Disposal	X	Covered Parking	X
Trash Compactor		Garage/Under Building	
Washer/Dryer Hookup		Tennis Court	
Washer/Dryer In Unit	X	Playground	X
Storage in Unit	X	Community Room	X
Air Conditioning	X	Fitness Room	X
Carpets/Drapes/Blinds	X	Racquet Ball	
Walk-in Closets		Volleyball	
		Basketball	X
		Laundry Facility	
		Storage	
		Security	

Tenant Services

On-site tenant social services that will be provided at the subject include on-site adult education, health and skill building classes as well as health and wellness services and programs.

Improvements Analysis

Quality and Condition

Upon completion of construction, the subject improvements will represent good quality construction and will be in new and in good condition.

Functional Utility

Based on a review of the subject's building plans, there do not appear to be any significant items of functional obsolescence and it appears the proposed subject improvements will be adequately suited to their proposed use.

Deferred Maintenance

Upon completion of construction, the subject will reflect new construction with no deferred maintenance items.

ADA Compliance

Based on the property inspection and information provided, there are no apparent ADA issues. Within the project 21 unit will be adaptive. However, ADA matters are beyond the appraisers' scope of expertise and further study by an appropriately qualified professional is recommended to assess ADA compliance.

Personal Property

The subject's apartment units will be rented unfurnished, which is consistent with competing properties in the market. However, the subject property will include Furniture, Fixtures and Equipment (FF&E) that are essential for the operation of the subject apartment property (such as kitchen appliances, window coverings, and common area furnishings). Although these items are considered personal property, market convention typically includes these personal property items in apartment sale transactions since they are essential to the operation of an apartment property.

Considering the essential nature of these personal property items, market convention, and the low FF&E contributory value to the overall market value conclusions, the value of the subject's FF&E is not segregated from the concluded market value of the subject. We estimate \$97,180 in FF&E for the project.

Conclusion of Improvements Analysis

The site is proposed to be developed with a 43-unit, garden-style apartment property. Upon completion, the project will have a unit mix of one, two and three bedroom floorplans. Construction is scheduled to commence in March 2023 and is expected to be complete in May 2024.

Based on our observations and the preceding analysis, the subject improvements are expected to be competitive in the affordable housing market upon completion of construction.



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site
Photo Taken February 6, 2023



View of Subject Site: Entrance from Maxwell Drive
Photo Taken February 6, 2023

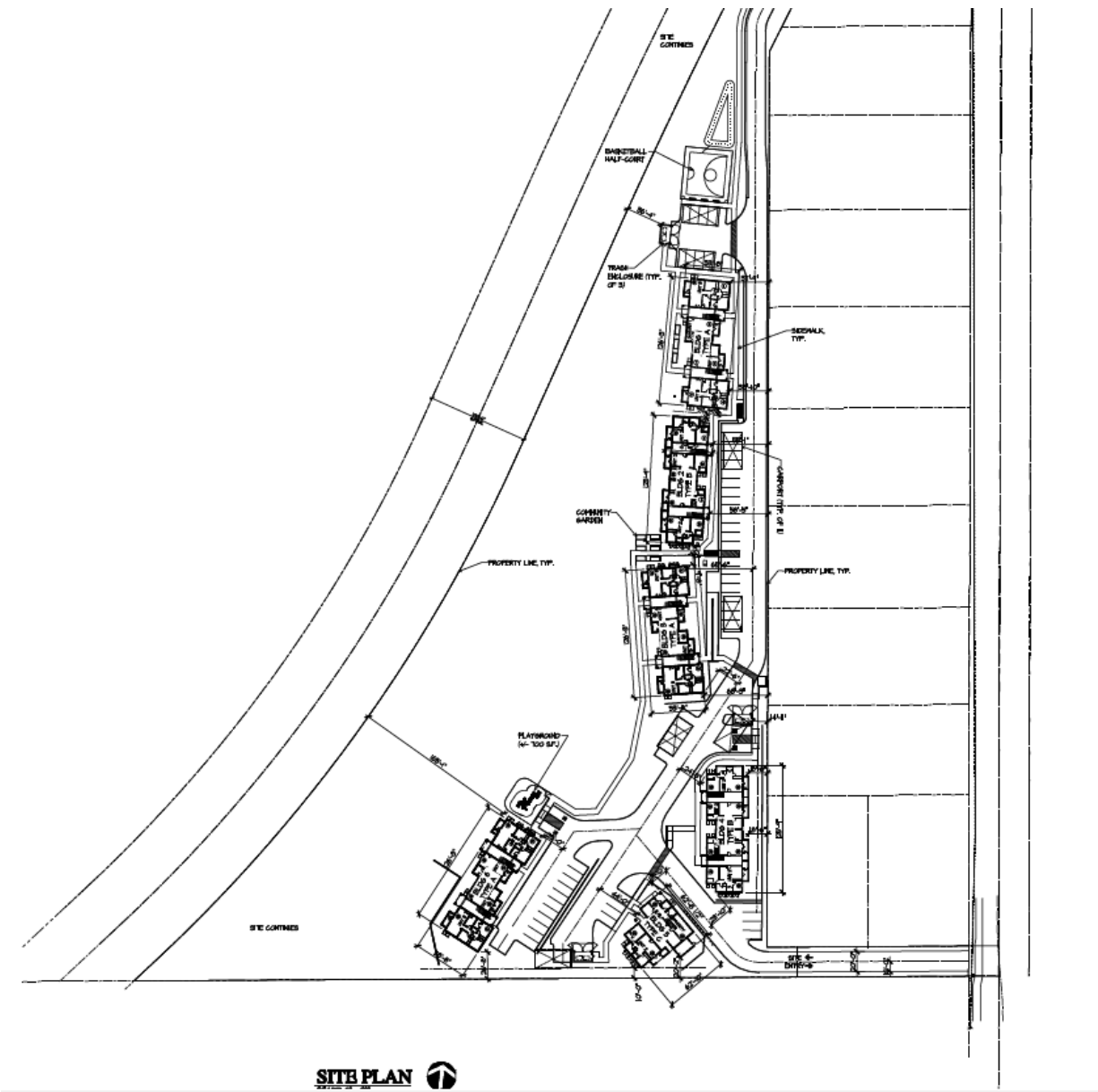


Entrance From Maxwell Drive
Photo Taken February 6, 2023



Street View: Maxwell Drive
Photo Taken February 6, 2023

Site Plan



Building Floorplans



LEFT ELEVATION



FRONT ELEVATION



RIGHT ELEVATION



REAR ELEVATION



LEFT ELEVATION



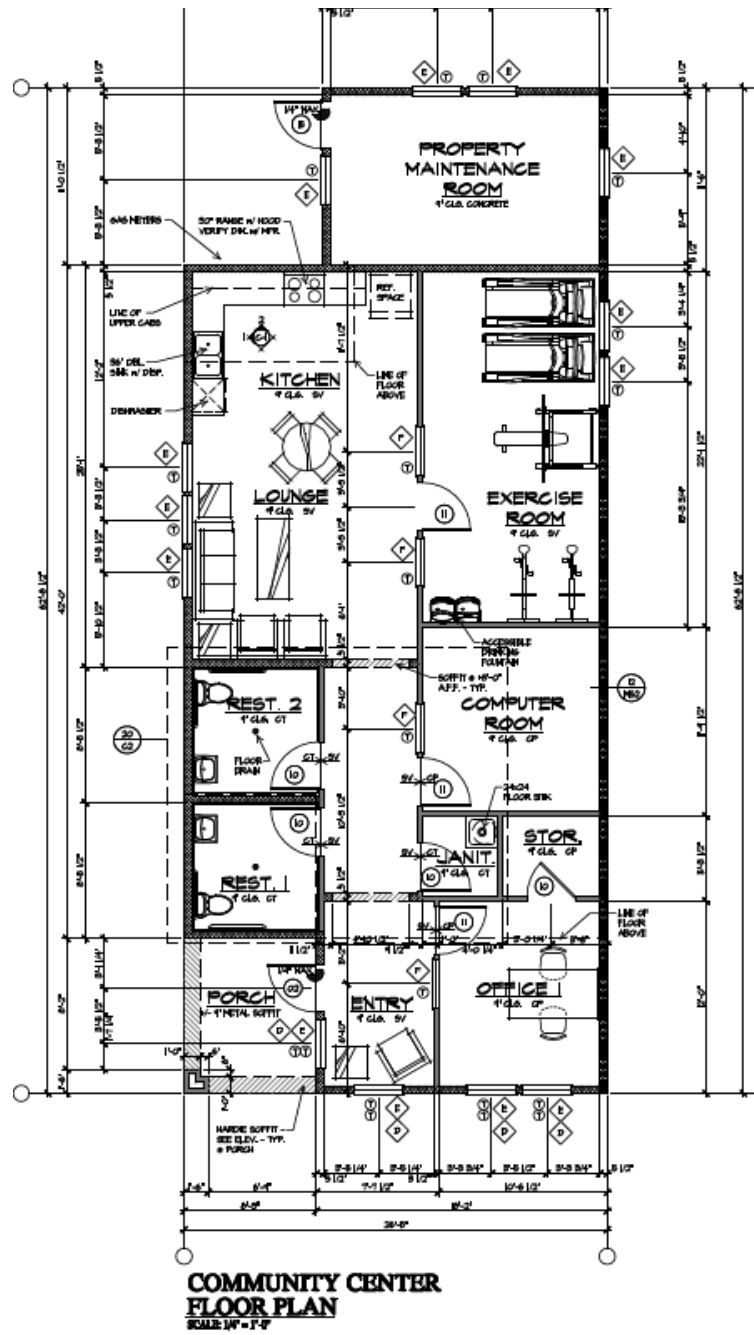
FRONT ELEVATION



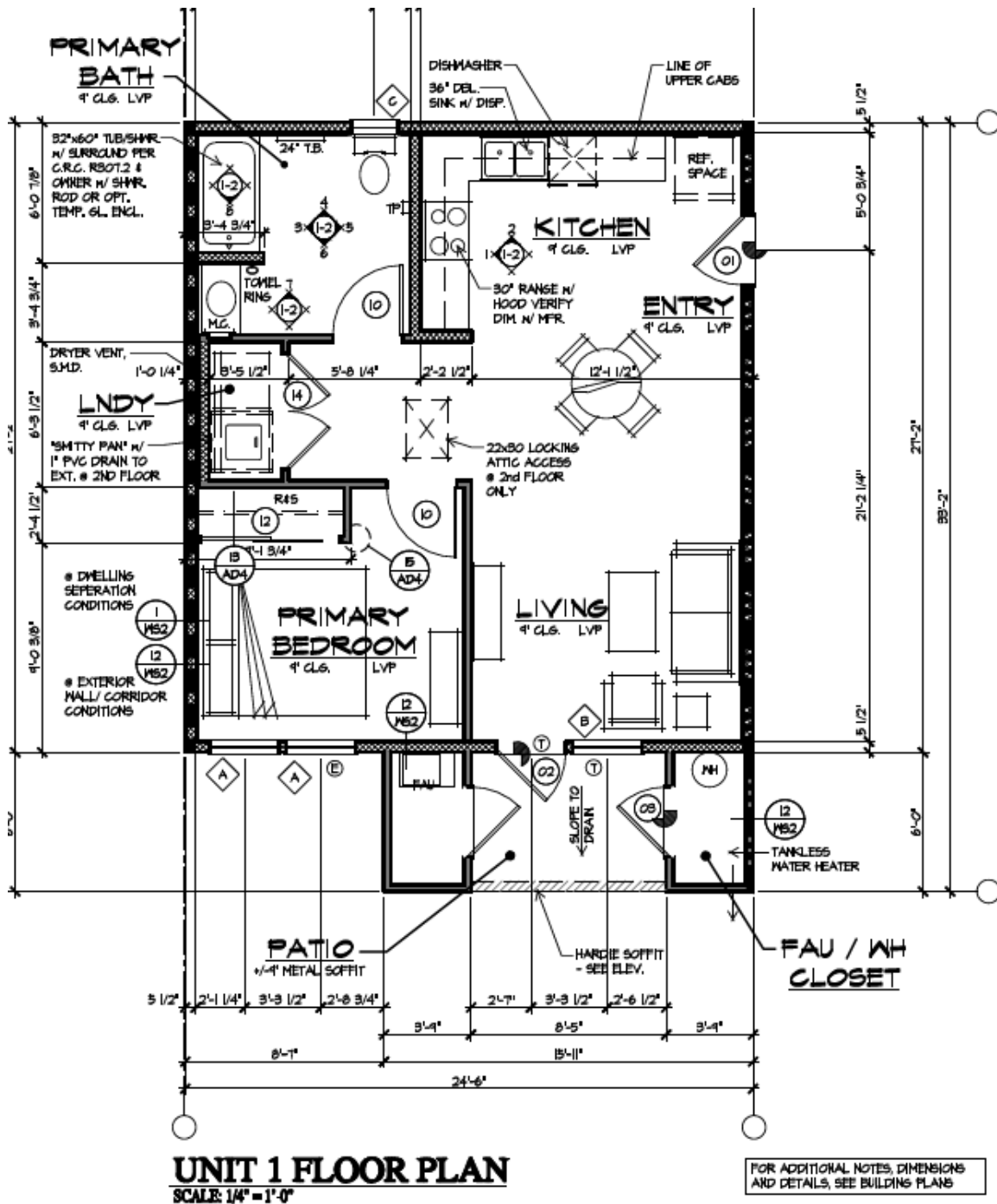
RIGHT ELEVATION

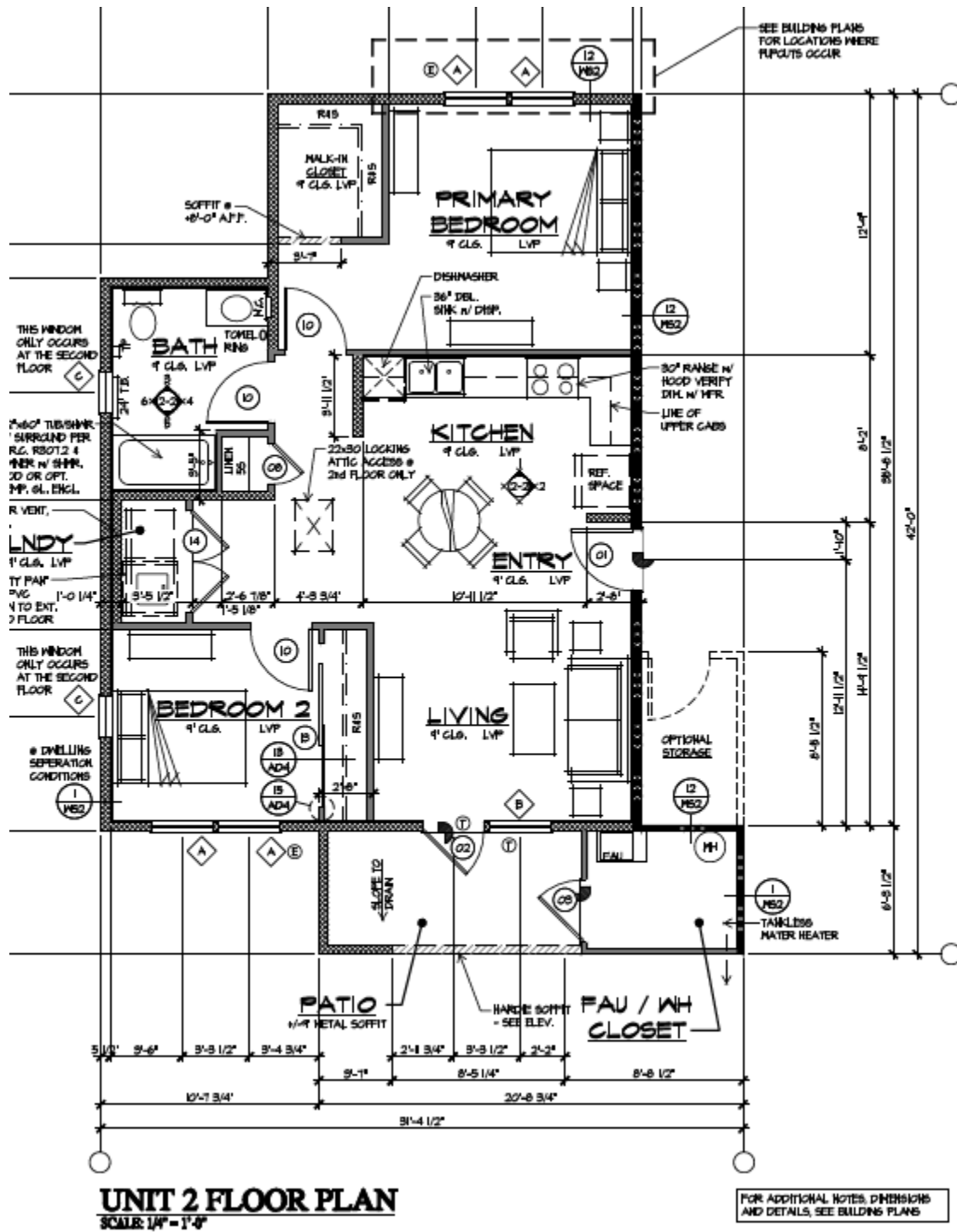


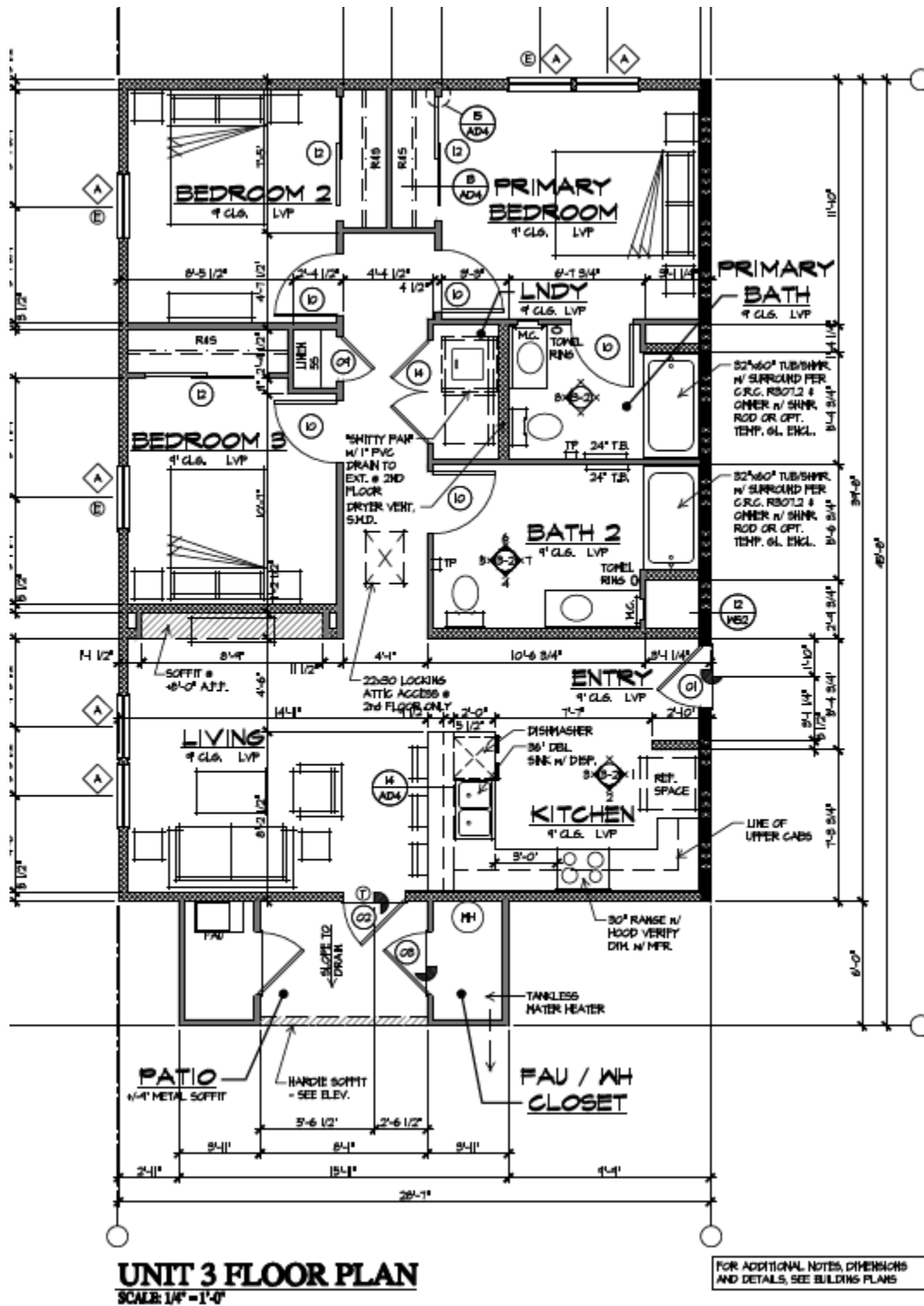
REAR ELEVATION



Unit Floorplans







Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be reappraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

Real estate taxes and assessments for the current tax year (for one parcel and a grand total for all parcels) are shown in the following table.

Taxes and Assessments - 2022-2023

Tax ID	Assessed Value			Taxes and Assessments				No. Parcels	Total Taxes
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total		
053-380-001 thru 044 and 099	\$5,202	\$0	\$5,202	1.087410%	\$57	\$15	\$71	44	\$3,137

Ad Valorem Taxes

As of the current 2022-2023 tax year, the subject has a current ad valorem tax rate of 1.087410% of total assessed value.

The subject's current assessed values and direct assessments reflect the subject's physical status as vacant land as of the assessment date. Upon completion of construction, the subject's assessed values and direct assessments will be reassessed to reflect the subject's new apartment improvements.

The State of California's welfare tax exemption exempts all qualified affordable housing units under non-profit ownership at or below 80% AMI from ad valorem taxes. To determine eligibility for this welfare tax exemption, California State law requires the California Department Housing and Community Development (HCD) to annually publish income limits based on data released by the United States Department Housing and Urban Development (HUD).

The proposed subject improvements will be eligible for a welfare tax exemption due to the subject's proposed non-profit ownership and proposed affordable housing income restrictions. Within the proposed project, all of the units will be at or below the 80% AMI threshold required to qualify for a welfare tax exemption, indicating a welfare tax exemption of 100% for the subject.

The restricted values of the subject upon completion of construction and upon stabilization are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.

Direct Assessments

Apartment properties in the subject's tax rate area are typically charged direct assessments. The welfare tax exemption is an exemption from ad valorem taxation only and does not apply to direct assessments or special taxes (such as special assessments, special taxes, direct levies, delinquent county utility billings, weed and hazard abatement charges, and mello-roos bonds) because these items are not defined as property taxes under California State law since they are not based upon the assessed value of the property.

As of the current 2022-2023 tax year, each parcel is assessed with \$14.72 in direct assessments. For the entire property, this equates to total direct assessments of \$648, which will be used in our analysis.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Legally Permissible

The site is zoned MF, Multiple-Family Residential Zone, which allows multifamily residential, single family residential, community care facility, family home daycare, open space.

To the best of our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given the subject's zoning and prevailing land use patterns in the area, only multifamily use is given further consideration in determining highest and best use of the site, as vacant.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for multifamily use development.

Financially Feasible

To determine the financial feasibility of multifamily use development with these affordable housing development subsidies, a feasibility analysis for the subject site is performed in the following table.

Feasibility Analysis

	Restricted Valuation	Unrestricted Valuation
Replacement Cost New	\$20,250,000	\$11,130,000
Land Value	\$770,000	\$770,000
Total Development Cost	\$21,020,000	\$11,900,000
Capitalization Rate	6.00%	6.00%
Feasibility Net Operating Income	\$1,261,200	\$714,000
Subject Net Operating Income	\$95,211	\$418,060
Net Operating Income Difference	-\$1,165,989	-\$295,940
Indicated Feasibility	Not Feasible without Subsidies	Not Feasible

Market rents are currently not at levels where immediate development of market-rate multifamily use improvements would result in a value that would be commensurate with its construction costs. Therefore, immediate development with market-rate apartments is not considered to be financially feasible at this time.

Restricted rents are not at levels that support development without development subsidies. To secure tax credits for development of a LIHTC property, Internal Revenue Service Code §42 requires the property to be subject to a 15-year compliance period. This is the period of time where tax credits that have been awarded to developers can be taken away or “recaptured” if the property fails to comply with LIHTC regulations (recapture is only used in extreme cases).

After the initial 15-year compliance period required by IRS Code §42, the LIHTC property enters an “extended use” period. During the extended use period, the LIHTC property is still required to maintain the affordability requirements per its regulatory agreement and comply with LIHTC rules and regulations. State housing agencies continue monitor compliance for LIHTC properties during the extended use period; however, non-compliance during the extended use period is not reported to the IRS and will generally not retrigger tax credit recapture under IRS Code §42.

Construction of new affordable housing currently has a value commensurate with its cost if intangible affordable housing development subsidies (such as tax credit equity, beneficial bond financing, soft debt, deferred developer fees, etc.) are secured. A residual analysis is performed in the following table to illustrate immediate development of affordable housing improvements is currently financially feasible with these development subsidies.

Residual Analysis

	Restricted Valuation	Unrestricted Valuation
Market Value As If Complete & Stabilized	\$1,590,000	\$6,970,000
Tax Credit Equity	\$12,650,000	
CDBG-DR Town of Paradise Funds	\$7,390,000	
Total Investment Value	\$21,630,000	\$6,970,000
Less: As Is Market Value	-\$770,000	-\$770,000
Less: Replacement Cost New	-\$18,053,621	-\$11,130,000
Residual Return	\$2,806,379	-\$4,930,000

The subject developer has secured significant affordable housing development subsidies for affordable housing development on the subject site. With these development subsidies, the residual analysis results in a positive residual return to the land, indicating affordable >>multifamily use>> development is financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than affordable multifamily use, once subsidies are secured. Accordingly, it is our opinion that multifamily use development, based on the normal market density level permitted by zoning, is the maximally productive use of the subject site.

Conclusion – As Vacant

Development of the site with multifamily use improvements is the only use that meets the four tests of highest and best use and is concluded to be the highest and best use of the subject site as if vacant.

Most Probable Buyer

Taking into account the size and characteristics of the property, the most probable buyer is a non-profit investor with experience in the development, ownership, and management of affordable housing properties.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

As Is / Land Valuation

To develop an opinion of the subject's land value, as though vacant and available to be developed to its highest and best use, the sales comparison approach is used. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

- Location: Butte County
- Use: Multifamily
- Transaction Date: Last Three Years

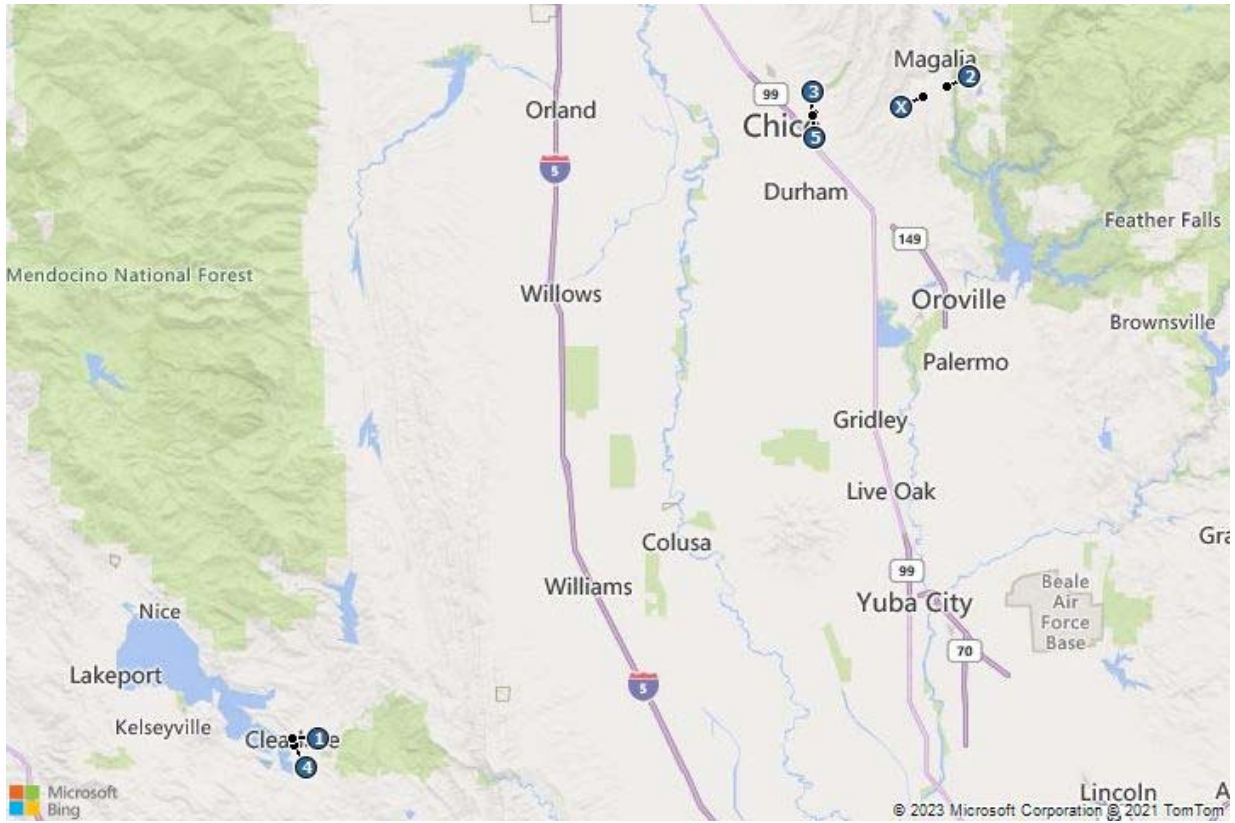
As discussed throughout, the subject immediate area was impacted by the Camp Fire in 2018. Redevelopment in the immediate area is still underway and there have been few sales of multifamily land in Paradise. Therefore, we have expanded our search to other areas of Butte County and similar areas for sales of land for multifamily development. Our land sales are from Butte and Lake Counties.

For this analysis, price per unit is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

Summary of Comparable Land Sales - Unrestricted

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Units; Density (Units/Ac.)	Zoning	\$/Unit	\$/SF Land
1	Oak Valley Villas Site 14795 Burns Valley Rd. Clearlake Lake County Tax ID: 010-026-29-00 Grantor: City of Clearlake Grantee: Clearlake Burns Valley Road LP Comments: Sale of a vacant site in Clearlake. During escrow, the buyer secured all development entitlements at their own expense to develop an 80-unit affordable housing property that will be restricted to 30%-60% AMI for Lake County.	May-22 Closed	\$1,500,000	219,978 5.05	80 15.8	MUX	\$18,750	\$6.82
2	6656 Pentz Road 6656 Pentz Rd. Paradise Butte County Tax ID: 050-240--078 and 079 Grantor: Ponderosa Mhc, LLC Grantee: Paradise Ridge Mhc, LLC Comments: This property was previously identified as the Ponderosa Mobile Home Park. It was one of 37 parks partially or completely destroyed by the Camp Fire in 2018. This property was purchased by an owner/operator of other mobile home parks in Paradise. According to the broker, all infrastructure and onsite improvements were destroyed by the fire and the cost of rebuilding this park was near \$40,000 per space. Prior to this transaction, the seller had incurred more than half of these costs, leaving approximately \$1,000,000 to be completed by the buyer in order to create a leasable project.	Jan-22 Closed	\$1,200,000	516,186 11.85	64 5.4	C-2	\$18,750	\$2.32
3	Deer Creek Land Site SEC Bruce Road & Highway 32 Chico Butte County Tax ID: 18 600 082 (portion) Grantor: Lendco, LLC Grantee: Chico Associates, II Comments: Purchase is for a total of 11.14 acres. The purchase states the price will be a minimum of \$4,500,000, or \$20,000 per approved unit. The entire 11.14 acre is approved for a total of 204 units (equates to a total of \$4,080,000). Buyer secured entitlements during escrow period. Contract date was in April 2020 and close of escrow was year-end 2021.	Dec-21 Closed	\$4,500,000	485,258 11.14	204 18.3	R-2	\$22,059	\$9.27
4	Konocti Gardens Site 3930 Old Highway 53 Clearlake Lake County Tax ID: 039-560-08, 039-560-30, 039-560-51 Grantor: PCL Properties 1 LP Grantee: CRP Konocti Gardens LP Comments: Sale of a vacant site in Clearlake. During escrow, the buyer secured all development entitlements at their own expense to develop a 120-unit affordable housing property that will be restricted to 30%-60% AMI for Lake County.	Dec-21 Closed	\$1,550,000	496,148 11.39	102 9.0	HDR	\$15,196	\$3.12
5	Senator Conness Apt Site 1 Oak Valley Dev Chico Butte County Tax ID: 018 500 157 Grantor: Thomas V. Fogarty and Mary R. Fogarty Grantee: CRP Senator Conness Apartments, L.P. Comments: Sale of a vacant site in Chico in the Oak Valley master planned community. Site has multifamily and commercial zoning. Buyer plans to develop a 162 unit LIHTC apartment on the property. Contract date was May 2020 and closing was in November 2021, once financing and subsidies were secured.	Nov-21 Closed	\$4,180,000	418,176 9.60	162 16.9	R3 and CC	\$25,802	\$10.00
Subject Eaglepointe Apartments Paradise, CA				304,920 6.35	43 6.8	MF		

Comparable Land Sales





Sale 1
Oak Valley Villas Site



Sale 2
6656 Pentz Road



Sale 3
Deer Creek Land Site



Sale 4
Konocti Gardens Site



Sale 5
Senator Conness Apt Site

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, shape and topography, zoning, density, entitlements, and demolition costs. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs).

In our valuation, we estimate the fee simple interest in the subject site. All comparables reflect fee simple sales and do not require adjustment.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis.

All comparables reflect cash equivalent transactions and do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- A seller acting under duress (e.g., eminent domain, foreclosure)
- Buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges)
- A lack of exposure to the open market
- An unusual tax consideration
- A sale at legal auction

All comparables reflect arm's length transactions and do not require adjustment.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

The comparables have sale dates ranging from November 2021 to May 2022. As discussed earlier in the Macroeconomic Conditions section, starting in Mid-2022 the real estate market began to feel the impacts of rising inflation and interest rates. In our analysis, we have considered a 3% annual appreciation trend in apartment land sales for the subject area up to mid-2022. We have applied a downward 5% annual adjustment starting in June 2022. Based on market participant interviews and historical apartment land sale trends, the comparables are adjusted for market conditions as follows:

Market Conditions Adjustment						
Comp #		1	2	3	4	5
Sale Date		5/17/2022	1/5/2022	12/30/2021	12/14/2021	11/22/2021
Date	Annual Growth Rate					
6/1/2022	3%	0.12%	1.21%	1.26%	1.39%	1.57%
2/2/2023	-5%	-3.37%	-3.37%	-3.37%	-3.37%	-3.37%
Total		-3.25%	-2.16%	-2.11%	-1.98%	-1.80%
Rounded		-3%	-2%	-2%	-2%	-2%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. The subject property has an average location in Paradise. Sale 2

is also located in Paradise and does not warrant adjustment. Sales 1 and 4 are located in Clearlake, Lake County, which has generally similar demographics and achievable market rent levels. No adjustment has been applied to Sales 1 and 4. Sales 3 and 5 are located in Chico. This is the largest city in Butte County and is home to California State University, Chico. Sales 3 and 5 warrant downward adjustments for their superior location Chico.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. The subject has limited street frontage along Maxwell Drive. The comparables all have slightly superior access and exposure and warrant downward adjustments for this element.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per unit, such that larger sites generally sell for a lower price per unit than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

The subject has a site size of 6.35 net acres. The comparables range in size from 5.05 to 11.85 acres and have site sizes within the subject's competitive size bracket and do not require adjustment.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land. The subject site has an irregular shape and is gently sloping. Overall, the subject's shape and topography results in average configuration and utility for apartment development.

The comparables represent superior shapes for development and have generally level topographies. Downward adjustments have been applied to all comparables for superior shape and topography.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject site is zoned MF, Multiple-Family Residential Zone, which allows multifamily residential, single family residential, community care facility, family home daycare, open space.

All of the sale comparables have zoning designations that allow apartment development and do not require adjustment.

Density

When analyzed on a price per unit basis, sites proposed for multifamily development with lower proposed densities will generally sell for a higher price per unit than sites with higher proposed densities, all else being equal. The subject has a proposed project density of 6.1 dwelling units per acre.

Sales 2 and 4 have proposed densities within a reasonable variance of the subject and does not require adjustment.

Sale 1, 3 and 5 have proposed densities ranging from 16 to 18 dwelling units per acre and are adjusted upward for its higher density.

Entitlements

Entitlements consist of the specific level of governmental approvals attained pertaining to development of a site, which can include a bonus density or conditional use permit (CUP) that allows for uses not typically permitted under standard zoning. As of the effective date of value, the subject is fully entitled for development with 43 multifamily units.

Sale 2 has all entitlements in place as of the date of sale and does not require adjustments.

For Sales 1, 3, 4 and 5, the buyers secured entitlements for development during the escrow process. Slight upward adjustments have been applied.

Site Improvements/Demolition Costs

This element of comparison accounts for any demolition costs required to prepare a site for development to its highest.

As of the effective date of value, the subject was vacant and ready to be developed to its highest and best use.

Sale 2 had some site improvements in place for redevelopment (prior improvements were burned during the Camp Fire). It was reported that the seller completed a portion of on-site costs that would contribute to the development of the property. A downward adjustment has been applied to Sale 2 for the superior site improvements as of the date of sale.

The remaining sales were vacant at the time of sale and do not require adjustment.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Unrestricted

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Eaglepointe Apartments	Oak Valley Villas Site	6656 Pentz Road	Deer Creek Land Site	Konocti Gardens Site	Senator Conness Apt Site
Address	5975 Maxwell Dr.	14795 Burns Valley Rd.	6656 Pentz Rd.	SEC Bruce Road & Highway 32	3930 Old Highway 53	1 Oak Valley Dev
City	Paradise	Clearlake	Paradise	Chico	Clearlake	Chico
County	Butte	Lake	Butte	Butte	Lake	Butte
Sale Date		May-22	Jan-22	Dec-21	Dec-21	Nov-21
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,500,000	\$1,200,000	\$4,500,000	\$1,550,000	\$4,180,000
Square Feet	304,920	219,978	516,186	485,258	496,148	418,176
Acres	6.35	5.05	11.85	11.14	11.39	9.60
Number of Units	43	80	64	204	102	162
Units Per Acre	7	16	5	18	9	17
Price per Unit		\$18,750	\$18,750	\$22,059	\$15,196	\$25,802
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		—	—	—	—	—
Market Conditions	Feb-23	May-22	Jan-22	Dec-21	Dec-21	Nov-21
Annual % Adjustment	Variable	-3%	-2%	-2%	-2%	-2%
Cumulative Adjusted Price		\$18,188	\$18,375	\$21,618	\$14,892	\$25,286
Location		—	—	-15%	—	-15%
Access/Exposure		-3%	-3%	-3%	-3%	-3%
Size		—	—	—	—	—
Shape and Topography		-5%	-5%	-5%	-5%	-5%
Zoning		—	—	—	—	—
Density		5%	—	5%	—	5%
Entitlements		10%	—	10%	10%	10%
Site Improvements/Demolition Costs		—	-10%	—	—	—
Net \$ Adjustment		\$1,273	-\$3,308	-\$1,729	\$298	-\$2,023
Net % Adjustment		7%	-18%	-8%	2%	-8%
Final Adjusted Price		\$19,461	\$15,068	\$19,888	\$15,190	\$23,264
Overall Adjustment		4%	-20%	-10%	0%	-10%
Range of Adjusted Prices		\$15,068 - \$23,264				
Average		\$18,574				
Indicated Value		\$18,000				

As Is / Land Value Conclusion

Prior to adjustments, the sales reflect a range of \$15,196 - \$25,802 per unit. After adjustment, the range is narrowed to \$15,068 - \$23,264 per unit, with an average of \$18,574 per unit. Sale 2 represents the only sale in the immediate Paradise area. This comparable represents the lower end of the range and is proposed for a mobile home park. Overall, the comparables were all adjusted downward for access/exposure as well as shape/topography. In addition, we have applied a downward adjustment to all comparables to consider the current macroeconomic conditions. With this in mind, a value at or slightly below the central indicator is considered reasonable.

Based on these considerations, a land value of \$18,000 per unit is considered reasonable and well supported. Based on the preceding analysis, the unrestricted land value of the subject site is concluded as follows:

As Is / Land Value Conclusion

Indicated Value per Unit	\$18,000
Subject Units	43
Indicated Value	\$774,000
Rounded	\$770,000

Pending Sale of Subject: As of the date of the as is valuation, the subject property is under contract for purchase. The original contract date is November 28, 2021 and the pending purchase price is \$880,000. Based on changes in the market in the past 12 months, a value slightly below the pending purchase is considered reasonable. Our As Is value is 12.5% below the pending purchase price.

Cost Approach

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the existing improvements under current market conditions;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

Replacement Cost

Replacement cost is the estimated cost to construct, at current prices as of a specified date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs (also known as soft costs) and entrepreneurial incentive.

Replacement Cost New - Market-Rate Development

Direct Costs: Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. Marshall Valuation Service (MVS) is used as the basis of the direct cost estimate in the unrestricted market-rate analysis. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction.

Indirect Costs: MVS does not include all of the indirect costs that are appropriate in a replacement cost estimate; therefore, an allowance is added for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. It is estimated that a 20% allowance for additional indirect costs is appropriate.

Entrepreneurial Incentive: Entrepreneurial incentive is the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project.

Based on discussions with market-rate multifamily developers and analysis of similar market-rate multifamily developments recently constructed in the subject's region, entrepreneurial incentive ranging from 10% to 25% of the project cost is typically achieved for market-rate apartment properties in the region. Based on current market conditions and demand for rental housing in subject's market, an entrepreneurial incentive of 12% is applied to the total replacement costs used in the unrestricted analysis.

Building Improvements - Unit Costs**Building 1 Name: Eaglepointe Apartments**

MVS Building Type:	Multiple Residences	Unit	SF	Current Multiplier	1.000
Const Class:	D	Unit Cost	\$145.00	Local Multiplier	1.160
Quality:	Good	Sprinklers:	\$3.00	Story Ht Multiplier	1.000
Quality Rating:	Good	HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	12/16	Other:			
Economic Life	60	Subtotal:	\$148.00	Final Unit Cost	\$171.68

Building 2 Name: Eaglepointe Apartments

MVS Building Type:	Clubhouse	Unit	SF	Current Multiplier	1.010
Const Class:	D	Unit Cost	\$194.00	Local Multiplier	1.160
Quality:	Good	Sprinklers:	\$3.00	Story Ht Multiplier	1.000
Quality Rating:	Good	HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	11/30	Other:			
Economic Life	60	Subtotal:	\$197.00	Final Unit Cost	\$230.81

Source: Marshall Valuation Service

Furniture, Fixtures & Equipment - Unit Costs**FF&E 1 Name: FF&E**

Quality:	Average	Unit Cost	\$2,260.00	Current Multiplier	1.000
Section:	12	Other:		Local Multiplier	1.000
Page:	41	Other:			
Unit:	Unit	Subtotal:	\$2,260.00	Final Unit Cost	\$2,260.00

Source: Marshall Valuation Service

The developer site costs have been input into our analysis.

Replacement Cost Estimate - Market Rate Development (Marshall Valuation Service)**Building Improvements**

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS Class</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Eaglepointe Apartments	Multiple Residences	D	Good	36,309	SF	\$171.68	\$6,233,529
Eaglepointe Apartments	Clubhouse	D	Good	1,285	SF	\$230.81	\$296,591
Subtotal - Building Costs							\$6,530,120
Plus: Indirect Cost						20%	\$1,306,024
Subtotal							\$7,836,144
Plus: Entrepreneurial Incentive						12%	\$940,337
Total Building Costs							\$8,776,481

Site Improvements

Item		Cost New
Developer Site Cost		\$1,680,000
Subtotal - Site Improvement Costs		\$1,680,000
Plus: Indirect Cost	20%	\$336,000
Subtotal		\$2,016,000
Plus: Entrepreneurial Incentive	12%	\$241,920
Total Site Improvement Costs		\$2,257,920

Furniture, Fixtures & Equipment

<i>Item</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
FF&E	Average	43	Unit	\$2,260	\$97,180
Subtotal - Replacement Cost New					\$97,180
Plus: Indirect Cost				0%	\$0
Subtotal					\$97,180
Plus: Entrepreneurial Incentive				0%	\$0
Total FF&E Costs					\$97,180

Overall Property

Building Improvements		\$6,530,120
Site Improvements		\$1,680,000
Furniture, Fixtures & Equipment		<u>\$97,180</u>
Subtotal - Replacement Cost New		\$8,307,300
Plus: Indirect Cost	20%	<u>\$1,642,024</u>
Subtotal		\$9,949,324
Plus: Entrepreneurial Incentive	12%	\$1,182,257
Total Replacement Cost New - Unrestricted		\$11,131,581

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Incentive, which are appraiser's estimates.

Replacement Cost New – Affordable Housing Development

Affordable housing development costs typically differ from comparable market-rate developments due to prevailing wage requirements, lower-grade unit interior finishout, contingency requirements, and higher indirect costs associated with soft financing and tax credit syndication. These elements are not captured by Marshall Valuation Service; therefore, MVS is not used to estimate the subject's replacement cost new as an income-restricted affordable housing property.

Subject's Development Costs: The following table summarizes the subject's development costs, as reported by the developer.

Replacement Cost New Estimate - Affordable Housing Development (Developer's Budget)		
Category	Amount	\$/SF
Direct Costs		
On-site work	\$1,680,000	\$44.69
Structures	\$11,048,000	\$293.88
Furnishings	\$40,000	\$1.06
General Requirements	\$763,680	\$20.31
Contractor Overhead & Profit	\$1,018,240	\$27.09
Construction Contingency	\$730,000	\$19.42
Total Direct Costs	\$15,279,920	\$406.45
Indirect Costs		
Architecture & Engineering	\$600,000	\$15.96
Permits & Fees	\$412,955	\$10.98
Financing Costs	\$623,057	\$16.57
Insurance	\$381,000	\$10.13
Operating Reserves	\$145,291	\$3.86
Misc.	\$231,398	\$6.16
Contingency	\$380,000	\$10.11
Total Indirect Costs	\$2,773,701	\$73.78
Entrepreneurial Incentive		
Developer Overhead & Profit	\$2,200,000	\$58.52
Total Entrepreneurial Incentive	\$2,200,000	\$58.52
Total Replacement Cost New - Affordable Housing	\$20,253,621	\$538.75

Affordable Housing Construction Cost Comparables: To determine the reasonableness of the subject's construction costs, we also consider construction costs for similar affordable housing apartment buildings in the region, as summarized in the following table.

Construction Cost Comparables - Affordable Housing

Property	Location	Targeted Demographics	Number of Units	Average Unit Size (SF)	Size (Gross SF)	Cost Year	Direct Costs	Indirect Costs	% of Hard Costs	Subtotal	Entrepreneurial Incentive	% of Subtotal	Total Cost
Sarah's Court	Fresno	Senior	120	809	104,559	2022	\$229	\$59	26%	\$288	\$33	12%	\$321
Sunrise Crossing	Rancho Cordova	Family	82	619	53,744	2022	\$261	\$100	38%	\$362	\$49	14%	\$411
Wong Center	Sacramento	Senior	150	607	123,993	2022	\$315	\$81	26%	\$395	\$54	14%	\$449
Cannery at Railroad Square	Santa Rosa	Family	129	717	163,570	2022	\$417	\$91	22%	\$507	\$21	4%	\$529
Royal Oak Apts	Morgan Hill	Family	73	1,017	77,884	2022	\$414	\$138	33%	\$551	\$51	9%	\$603
Sugar Pine Village Phase 1A	South Lake Tahoe	Family	68	853	76,374	2022	\$440	\$130	29%	\$570	\$35	6%	\$605
Lowden Lane Senior	Redding	Senior	61	604	42,133	2022	\$584	\$150	26%	\$734	\$52	7%	\$786
Mahonia Glen	Santa Rosa	Family	99	777	80,900	2022	\$642	\$171	27%	\$813	\$27	3%	\$840
Tonea Senior Apts	Chico	Senior	104	627	88,504	2021	\$237	\$74	31%	\$311	\$25	8%	\$336
Alturas Crossing	Redding	Family	39	1,231	49,285	2021	\$239	\$62	26%	\$301	\$43	14%	\$344
Senator Conness	Chico	Family	162	824	136,855	2021	\$272	\$67	25%	\$339	\$16	5%	\$355
Hecker Pass	Gilroy	Family	100	904	115,915	2021	\$226	\$98	43%	\$324	\$46	14%	\$370
Parkside Phase I	Salinas	Senior	80	716	85,734	2021	\$306	\$87	28%	\$393	\$26	7%	\$418
Cornerstone North 9%	Sacramento	Family	48	841	42,878	2021	\$300	\$104	35%	\$404	\$24	6%	\$428
Center of Hope	Redding	Family	49	916	48,119	2021	\$327	\$70	22%	\$397	\$46	12%	\$443
Mutual Housing on the Blvd	Sacramento	Family/Supportive Housing	127	800	129,795	2021	\$309	\$83	27%	\$392	\$54	14%	\$446
Cornerstone South 4%	Sacramento	Family	60	904	54,246	2021	\$325	\$98	30%	\$423	\$32	7%	\$454
Napa Cove	American Canyon	Family	66	869	76,485	2021	\$341	\$105	31%	\$446	\$29	6%	\$475
Burney Commons	Burney	Family	30	899	28,504	2021	\$329	\$93	28%	\$422	\$57	13%	\$479
East Garrison	Marina	Family	66	1,131	95,269	2021	\$370	\$81	22%	\$451	\$37	8%	\$487
Village at Madrone	Morgan Hill	Family	249	779	197,986	2021	\$374	\$114	31%	\$488	\$69	14%	\$557
1482 Freedom	Watsonville	Family/Supportive Housing/Farmworker	53	767	59,387	2021	\$498	\$141	28%	\$640	\$37	6%	\$677
Siskiyou Crossings	Yreka	Family/Supportive Housing	50	668	37,615	2021	\$367	\$220	60%	\$587	\$58	10%	\$645
Vitalia	San Jose	Family/Supportive Housing	79	489	80,964	2021	\$599	\$112	19%	\$711	\$37	5%	\$748
Sango Court	Milpitas	Family/Supportive Housing	102	617	102,468	2021	\$643	\$134	21%	\$777	\$34	4%	\$811

Indicated Construction Cost Range: \$321 - \$840

Average (Mean) Construction Cost) \$521

Source: Developer Construction Budgets

The subject's direct construction costs of \$406.45 per square foot and indirect costs of 18% of direct costs are bracketed by the construction cost comparables. On an overall basis, including profit, the subject costs of \$539.98 per square foot is near the average of the comparable data on the prior page. Considering historic levels of inflation during 2022, direct and indirect costs at the upper end of the range indicated by the construction cost comparables is considered reasonable for the subject.

Replacement Cost New Conclusions

The following table summarizes our replacement cost estimates for the subject for each valuation scenario.

Replacement Cost New					
		Restricted		Unrestricted	
		Valuation	\$/SF	Valuation	\$/SF
Direct Costs		\$15,279,920	\$406.45	\$8,307,300	\$220.97
Indirect Costs	18%	\$2,773,701	\$73.78	\$1,642,024	\$43.68
Subtotal		\$18,053,621	\$480.23	\$9,949,324	\$264.65
Entrepreneurial Incentive	12%	\$2,200,000	\$58.52	\$1,182,257	\$31.45
Indicated Replacement Cost New		\$20,253,621	\$538.75	\$11,131,581	\$296.10
Rounded		\$20,250,000	\$538.65	\$11,130,000	\$296.06

The restricted values of the proposed subject improvements are based on the extraordinary assumption that the construction costs provided by the developer are reasonable for the proposed affordable housing development.

Depreciation

Depreciation is the difference between the replacement cost new of the improvements and their contribution to overall property value on the effective date of the appraisal. There are three major causes of depreciation:

1. **Physical deterioration:** The loss in value due to the wear and tear that begins when a building is completed and placed into service. Physical deterioration can be curable (referred to as deferred maintenance) or incurable.
2. **Functional obsolescence:** The loss in value due to changes in market tastes and standards. Similar to physical deterioration, functional obsolescence can be curable or incurable.
3. **External obsolescence:** The loss in value due to negative external influences. These influences can be temporary or permanent, and are generally incurable by the owner, landlord, or tenant.

Physical Deterioration

Curable Physical Deterioration (Deferred Maintenance): Upon completion, the subject improvements will represent new construction with no items of deferred maintenance and therefore, no deduction for curable physical deterioration is required.

Incurable Physical Deterioration: Upon completion, the subject improvements will represent new construction with no items of incurable physical deterioration.

Functional Obsolescence

Based on a review of the subject's building plans, there do not appear to be any significant items of functional obsolescence and it appears the proposed subject improvements will be adequately suited to their proposed use. Therefore, no deduction for functional obsolescence is required.

External Obsolescence

Development of affordable housing is not financially feasible without affordable housing development subsidies. Therefore, the proposed subject improvements will have external obsolescence in the restricted analysis due to the subject's affordable housing restrictions.

In the unrestricted analysis, rental rates in the subject's immediate area are currently not at levels that support immediate development due to achievable rent levels; therefore, the subject improvements will also have external obsolescence in the unrestricted analysis.

External Obsolescence		
	Restricted Value	Unrestricted Value
Replacement Cost New	\$20,250,000	\$11,130,000
Less: Deferred Maintenance	\$0	\$0
Less: Depreciation: Economic Age-Life Method	\$0	\$0
Less: Functional Obsolescence	\$0	\$0
Depreciated RCN Before External Obsolescence	\$20,250,000	\$11,130,000
Land Value	\$770,000	\$770,000
Indicated Value Before External Obsolescence	\$21,020,000	\$11,900,000
Capitalization Rate	6.00%	6.00%
Feasibility Net Operating Income	\$1,261,200	\$714,000
Valuation Scenario Net Operating Income	\$95,211	\$418,060
Net Operating Loss	-\$1,165,989	-\$295,940
Capitalization Rate	6.00%	6.00%
Indicated External Obsolescence	-\$19,433,146	-\$4,932,340

Below-The-Line Adjustments

Below-the-line adjustments are applied as follows.

Lease-Up Costs – Restricted Analysis

To estimate lease-up costs in the restricted valuation, we consider the following affordable housing absorption comparables.

Absorption Comparables - Affordable Housing					
Property	City	Completion	Number of Units	Absorption Period	Comments
Olie Ranch Apts	Oroville	2023	93		See Property is under construction and will be completed in April 2023. As of February 2023 survey, units are being pre-leased and the project is anticipated to be 100% leased upon completion.
Jamesi Apartments	San Jose	2022	134	3 Mos	60 units with VASH vouchers, which took a little longer to qualify tenants upon move-in
Liberty Village	Stockton	2021	75	2 Mos	-
1801 Capitol	W. Sacramento	2021	85	2 Mos	Property was 100% leased upon completion and took 2 months to move all tenants into units
Innovia	Fremont	2020	209		See Property began pre-leasing on April 25, 2020, with move-ins commencing in August 2020. Property was 87% leased as of the end of November 2020.
Alexander Station	Gilroy	2018-2019	262	0 Mos	Each phase 100% pre-leased upon completion
The Hardin	Sacramento	2018	84 Aff.	3 Mos	Mixed-Income Project. Affordable leased in 3 Months
Source: Appraiser Surveys					

We are aware of a number of recently completed affordable housing properties throughout Northern California that began accepting applications for pre-leasing at least 6 months prior to completion and were 100% pre-leased at construction completion. Absorption rates for affordable housing properties typically more constrained by the size of the developments and construction phasing rather than demand levels. Due to extremely strong demand for affordable housing in the area, the undersupply of affordable housing region-wide, and the lengthy wait lists for units in competitive affordable housing properties in the immediate area, the most probable buyer of the subject would minimize lease-up costs as much as possible and would commence pre-leasing during construction to achieve stabilized occupancy at construction completion.

Based on these considerations, we project that 100% of the subject's tenant units will be pre-leased prior to completion of construction and the subject will experience nominal lease-up costs as an affordable housing property. Therefore, no lease-up costs are recognized in the restricted valuation.

Value Indication

Based on the preceding analysis, the land values concluded in the land valuation earlier in this report, and the below-the-line adjustments discussed earlier in the cost approach, the values indicated by the cost approach are as follows.

Value Indication by Cost Approach		
	Restricted Value	Unrestricted Value
<u>As If Stabilized</u>		
Replacement Cost New	\$20,250,000	\$11,130,000
Less: Deferred Maintenance	\$0	\$0
Less: Depreciation: Economic Age-Life Method	\$0	\$0
Less: Functional Obsolescence	\$0	\$0
Less: External Obsolescence	-\$19,433,146	-\$4,932,340
Depreciated Replacement Cost	\$816,854	\$6,197,660
Land Value	\$770,000	\$770,000
Indicated Value	\$1,586,854	\$6,967,660
Rounded	\$1,590,000	\$6,970,000
<u>As If Complete</u>		
Stabilized Value Indication	\$1,586,854	
Lease-Up Costs	\$0	
Total Adjustments	\$0	
Indicated Value	\$1,586,854	
Rounded	\$1,590,000	

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

There is significant demand for affordable housing properties; however, sales of affordable housing properties are rare on the open market due to the transfer restrictions that are typically included in affordable housing regulatory agreements. Most affordable housing ownership transfers involve LIHTC properties that are in their extended use period and are transferred between related entities to facilitate rehabilitation and resyndication of the property.

Based on extensive discussions with affordable housing market participants, sales prices for affordable housing properties are not based upon a price per unit or a multiplier analysis, but are instead based on the income stream as it correlates to the property's existing and/or proposed income restrictions, debt structure, and intangible assets (such as tax credit equity, beneficial bond financing, soft debt, deferred developer fees, etc.).

There is insufficient sales data of arm's length affordable housing transactions that were marketed on the open market (i.e. non-resyndication properties involving unrelated entities) to perform a full sales comparison approach using affordable housing sales. Therefore, a sales comparison approach using affordable housing sale comparables is not applicable.

Because of this lack of affordable housing sales data, the sales comparison approach in affordable housing appraisals is typically performed using unrestricted market-rate sales. These unrestricted market-rate sales are first analyzed to estimate unrestricted value of the property, then a below-the-line economic characteristics adjustment is applied at the end of the sales comparison approach to account for the property's affordable housing restrictions (quantified based on differences in restricted versus unrestricted net operating income). This methodology produces a credible indication of value for affordable housing properties.

Therefore, our analysis estimates a benchmark value based on a leased fee hypothetical unrestricted analysis assuming the subject is not encumbered by affordable housing restrictions and is hypothetically operating as a market-rate apartment property. At the end of the sales comparison approach, we will apply adjustments to account for the subject's income restrictions.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Multifamily
- Location: Butte, Sutter, Glenn, and Tehama Counties

- Size: 20 to 100 units
- Age/Quality: New Construction or recent renovation preferred (with limited transaction of new construction projects, older, non-renovated projects have been included in our analysis)
- Transaction Date: Last Two Years

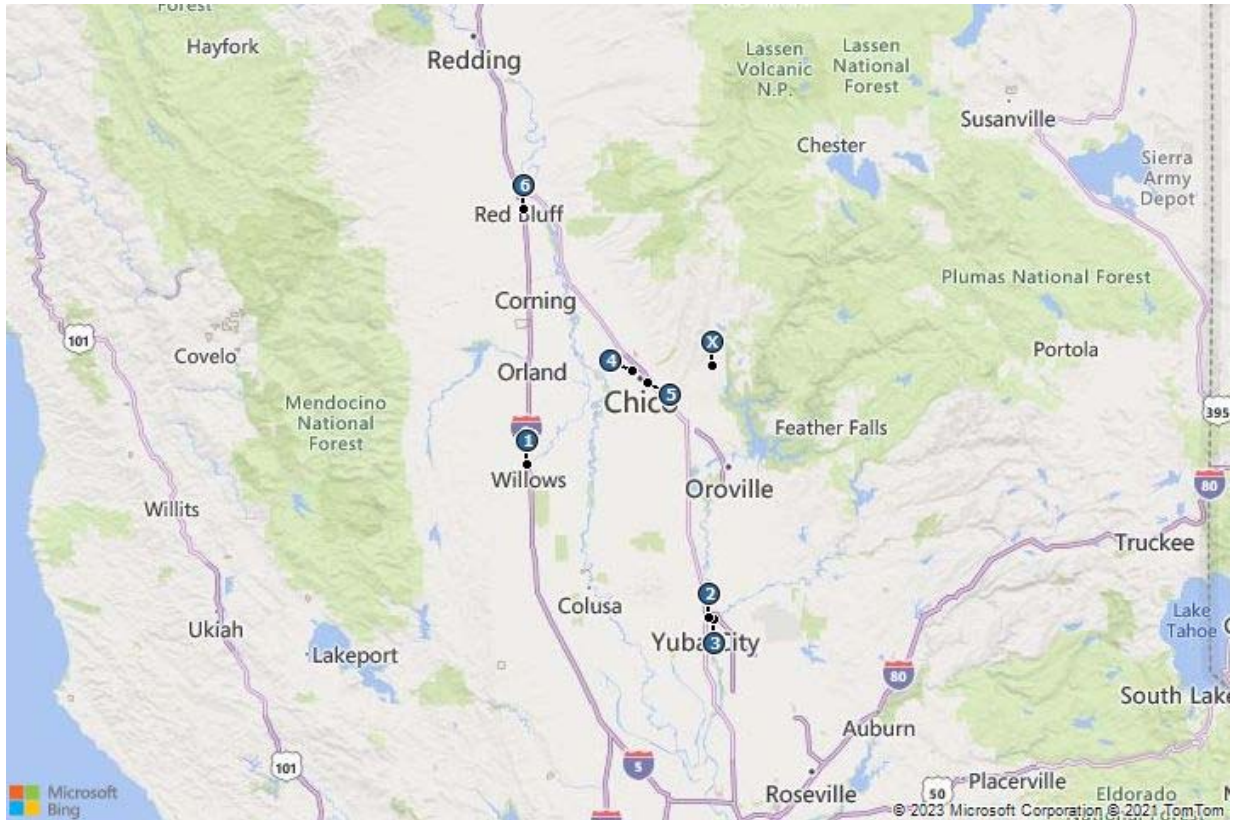
For this analysis, price per unit is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales - Unrestricted							
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Rentable SF; Avg Unit SF	Effective Sale Price	\$/Unit; \$/SF	NOI/Unit; NOI/SF; Exp. Ratio Cap Rate
1	1333 W. Sycamore Street 1333 W. Sycamore St. Willows Glenn County Tax ID: 001-051-007-000 Grantor: James J Weiss Trust Grantee: Spring Time LLC <i>Comments: Project has a mix of one and two-bedroom floorplans. Property has deferred maintenance (\$250,000) associated with the foundations for two buildings. Asking price was \$4,795,000. The buyer represents the third contract for the property as the two prior buyers backed out due to foundation issues. For this buyer, the original contract price of \$4,600,000 was adjusted to \$4,350,000 after bids were obtained for foundation repairs. The capitalization rate reported is based on an estimated NOI with market rents and expenses for the project.</i>	Dec-22 Closed	1975 2 100%	46 36,288 789	\$4,600,000	\$100,000 \$126.76	7.45% \$7,046 \$8.93 44%
2	Kelly Apartments 869 Clark Ave. Yuba City Sutter County Tax ID: 52-181-020 Grantor: Joseph M Geraldo Grantee: Dhillon Mfg li, LLC <i>Comments: Sale of a 26 unit project in Yuba City, with a unit mix consisting of (3) studio units, (10) 1 bedroom units, (11) 2 bedroom units and (2) 3 bedroom units. Broker reports upside potential near 30% in contact rents. Per Offering Memorandum, a pro-forma cap rate based on market rent and expenses is 9.1%.</i>	Dec-22 Closed	1963 2 100%	26 19,688 751	\$3,111,650	\$119,679 \$158.05	5.15% \$6,162 \$8.14 42%
3	Sandpiper Cove 375 McRae Way Yuba City Sutter County Tax ID: 52-551-012, 52-554-001 and 52-553-002 Grantor: Gcb Sandpiper, LLC Grantee: Timothy Joseph Cahill <i>Comments: Project has a mix of one and two bedroom floorplans. A capitalization rate of 4.7% was reported based on in-place income as of the date of sale.</i>	Mar-22 Closed	1973 2 100%	90 81,990 911	\$16,000,000	\$177,778 \$195.15	4.70% \$8,356 \$9.17 –

Summary of Comparable Improved Sales - Unrestricted

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Rentable SF; Avg Unit SF	Effective Sale Price	\$/Unit; \$/SF	NOI/Unit; NOI/SF; Exp. Ratio	Cap Rate
4	Silverwood Estates 2 Ilahhee Gln. Chico Butte County Tax ID: 042-450-043 Grantor: William Silverwood Estates Partners, LP Grantee: James Investment Partners <i>Comments: Property has all 2Bd/1.5Ba townhome floorplans with attached garage. All units have washer/dryer hookups. Property has not been renovated. Cap rate reported to be based on in-place income as of the date of sale with upside potential. Additional calls to listing broker were not returned.</i>	Jul-22 Closed	1989 2 100%	46 49,680 1,080	\$8,250,000	\$179,348 \$166.06	\$8,251 \$7.64 45%	4.60%
5	Woodside Terrace 15-21 Ricky Ct. Chico Butte County Tax ID: 005-443-012-000, 005-443-013-000, 005-443-014-000, 005-443-015-000 Grantor: Kenneth S Rosanne Anderson Trust Grantee: M & L Financial Properties Inc. <i>Comments: This is the sale of a 28-unit multifamily property containing all three bedroom/one bathroom units. An in-place cap rate of 5.31% is calculated based on the reported NOI of \$258,912 and annual expenses of \$65,088. We derive a pro forma cap rate of 6.67% based on market rent at the time of sale and normalized expenses including a vacancy factor of 5%, and expenses inclusive of management fees and replacement reserves.</i>	Sep-21 Closed	1985 2 100%	28 28,000 1,000	\$4,875,000	\$174,107 \$174.11	\$9,247 \$9.25 20%	5.31%
6	Sutter Street 6 Sutter St. Red Bluff Tehama County Tax ID: 035-060-055-000 Grantor: Jaimav Properties LLC Grantee: Nicks Realty LLC <i>Comments: Sale of an apartment property in Red Bluff. The property was originally constructed in 1966 and was in an uninhabitable condition when the seller acquired the property in 2018. The seller performed a full gut rehabilitation of the property, which was completed in 2020. Due to the extent of the building's rehabilitation, the property is considered new construction and is exempt from AB 1482 for the first 15 years following construction completion. Economic indicators are based on the broker's income/expense statement for the property based on actuals at the time of sale.</i>	Aug-21 Closed	1966 3 100%	36 18,450 513	\$4,200,000	\$116,667 \$227.64	\$7,093 \$13.84 37%	6.08%
Subject			Proposed	43			\$2,214	
Eaglepointe Apartments			2	35,891			\$2.65	
Paradise, CA			0%	835			66%	

Comparable Improved Sales - Unrestricted





Sale 1
1333 W. Sycamore Street



Sale 2
Kelly Apartments



Sale 3
Sandpiper Cove



Sale 4
Silverwood Estates



Sale 5
Woodside Terrace



Sale 6
Sutter Street

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, and market conditions. In addition, property adjustments include – but are not limited to – location, unit count, quality, effective age/condition, unit features, project amenities, average unit size, and economic characteristics. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

Property rights considerations encompass a wide range of factors including, for example, deed type, deed restrictions, and whether the property is encumbered by leases. In our analysis, we estimate the leased fee interest in the subject property.

The comparables reflect stabilized leased fee transactions and do not require adjustment.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis.

The comparables reflect cash equivalent transactions and do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- A seller acting under duress (e.g., eminent domain, foreclosure)
- Buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges)
- A lack of exposure to the open market
- An unusual tax consideration
- A sale at legal auction

The comparables reflect arm's length transactions and do not require adjustment.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

The sale comparables have sale dates ranging from August 2021 to December 2022. Prior to 2022, the apartment market experienced strong appreciation as it recovered from the COVID-19 pandemic.

However, market participants report the aggressive interest rate hikes by the Fed since March 2022 in response to historic levels of inflation are negatively impacting deal volume, pricing, and capitalization rates in the multifamily sector, particularly in recent months. Multifamily sales activity has slowed significantly and deals that were negotiated in early 2022 cannot not be replicated at the same terms today. Buyers are less motivated in the current market and are now seeking pricing discounts in their acquisitions. Multifamily brokers note sellers must manage their expectations in the current market; noting buyers are seeking price discounts of 5%-20% relative to transactions in early 2022, depending on location. While sellers are adjusting their expectations, most seller expectations are not yet in-line with buyers.

Based on these considerations, the comparables are adjusted for market conditions as follows.

Market Conditions Adjustment							
Comp #	1	2	3	4	5	6	
Sale Date	12/29/2022	12/30/2022	3/29/2022	7/18/2022	9/30/2021	8/25/2021	
Date	Annual Growth Rate						
6/1/2022	3%	0.00%	0.00%	0.53%	0.00%	2.01%	2.30%
2/2/2023	-5%	-0.48%	-0.47%	-3.37%	-2.73%	-3.37%	-3.37%
Total		-0.48%	-0.47%	-2.84%	-2.73%	-1.36%	-1.07%
Rounded		0%	0%	-3%	-3%	-1%	-1%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. The subject property has an average location in Paradise.

Sale 1 is located in Willows, Glenn County. The subject area has a closer proximity to a metro area (Chico) in respect to Willows and an upward adjustment is warranted for location.

Sales 2 and 3 are located in Yuba City, which is a market area with generally similar demographics and achievable market rents. No adjustment has been applied to Sales 2 and 3 for this element.

Sales 4 and 5 are located in Chico, the largest city in Butte County and home to California State University, Chico. Downward adjustments have been applied.

Sale 6 is located in Red Bluff, Tehama County, which is located south of Redding, the largest city in the county. Overall, Sale 6 is considered to have generally similar locational attributes and does not warrant adjustment for this element.

Unit Count

Due to economies of scale, the market exhibits an inverse relationship between unit count and price per unit such that complexes with higher unit counts sell for a lower price per unit than smaller projects, all else being equal. To account for this relationship, applicable adjustments are applied for differences in unit count.

Upon completion of construction, the subject will include a total of 43 units. The comparables range in size from 26 to 90 units. Sale 3 has a project size of 90 units and is adjusted upward for its larger project size. The remaining sales range in size from 26 to 46 units and have project sizes within the subject's competitive size bracket and do not require adjustment.

Construction Quality

This category accounts for construction quality and functional utility.

The subject will reflect good quality apartment improvements. Sales 1, 2, 3 and 6 reflect slightly inferior quality improvements and are adjusted upward for their inferior quality. Sales 2 and 5 reflect similar quality improvements as the subject and do not require adjustment.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa.

Upon completion, the subject will be new and in good condition.

Sales 3 and 6 represent newly renovated properties and do not warrant adjustment.

The remaining sales represent non-renovated projects and warrant upward adjustments for inferior age/condition. Adjustments of 10-15% have been applied.

Unit Features

This category accounts for differences in interior unit finishout and features. The subject will feature average quality interior unit finishout that is consistent with affordable housing properties in the area. All of the subject units will have washers/dryers in the units. Sale 4 has washer/dryer hookups as well attached garages for all units and warrants a slight downward adjustment. Sales 1, 2, 3, 5 and 6 do not have washer/dryers in the units and have been adjusted upward for inferior unit amenities.

Project Amenities

This category accounts for differences in common area amenities available to the entire complex. The subject's project amenities include covered parking, a playground, community room and a basketball court.

On an overall basis, the comparables have similar amenities and no adjustments have been made for this element.

Average Unit Size

In determining the adjustment to be employed for average unit size, the best indicators are from properties that offer multiple selections of units with the same bed/bath count, but different size. Since these units are located within the same property, the difference in rent would be mostly attributable to unit size. Adjustments are applied by accounting for differences in unit size between the comparables and the subject, and the increment of additional rent/value that would be achieved for a larger versus smaller unit.

The subject will have an average unit size of 835 square feet. Adjustments for differences in average unit size are quantified based on the differences in income potential related to size differences. The inputs used to calculate unit size adjustments for the comparable sales are summarized as follows.

- **Rent/SF Adjustment:** \$0.42/SF based on the average market rent conclusion for the subject on a per SF basis and a value ratio of 25%

- **Vacancy/Collection Loss:** 5% of potential gross rent
- **Expenses:** 36% expense ratio
- **Capitalization Rate:** 6.00%

Adjustments to the comparables for unit size are estimated in the following table.

Unit Size Adjustment							
		Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Subject Avg SF/Unit		835	835	835	835	835	835
Comp Avg SF/Unit		789	751	911	1,080	1,000	513
Difference		46	84	-76	-245	-165	322
Rent/SF Adjustment	\$0.42/SF	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
Monthly Rent Difference/Unit		\$19	\$35	-\$32	-\$103	-\$69	\$135
Annual Gross Rent Difference/Unit		\$231	\$421	-\$385	-\$1,236	-\$833	\$1,624
Vacancy & Collection Loss	5%	<u>-\$12</u>	<u>-\$21</u>	<u>\$19</u>	<u>\$62</u>	<u>\$42</u>	<u>-\$81</u>
Effective Rent Difference/Year		\$219	\$400	-\$365	-\$1,175	-\$792	\$1,543
Expenses	36%	-\$80	-\$146	\$133	\$428	\$288	-\$562
NOI Difference/Unit		\$139	\$254	-\$232	-\$747	-\$503	\$980
Capitalization Rate	6.00%	\$2,323	\$4,238	-\$3,871	-\$12,443	-\$8,386	\$16,341
Cumulative Adjusted Price		\$100,000	\$119,679	\$172,444	\$173,967	\$172,366	\$115,500
Indicated Adjustment		2.32%	3.54%	-2.24%	-7.15%	-4.86%	14.15%
Rounded		2%	4%	-2%	-7%	-5%	14%

Economic Characteristics

Our analysis assumes the subject is leased to a stabilized occupancy. All comparables were leased at stabilized occupancy as of the dates of sale. No adjustments have been applied.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid - Unrestricted							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Eaglepointe Apartments	1333 W. Sycamore Street	Kelly Apartments	Sandpiper Cove	Silverwood Estates	Woodside Terrace	Sutter Street
Address	5975 Maxwell Dr.	1333 W. Sycamore St.	869 Clark Ave.	375 McRae Way	2 Ilahae Gln.	15-21 Ricky Ct.	6 Sutter St.
City	Paradise	Willows	Yuba City	Yuba City	Chico	Chico	Red Bluff
County	Butte	Glenn	Sutter	Sutter	Butte	Butte	Tehama
State	California	CA	CA	CA	CA	CA	CA
Sale Date		Dec-22	Dec-22	Mar-22	Jul-22	Sep-21	Aug-21
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$4,350,000	\$3,111,650	\$1,600,000	\$8,250,000	\$4,875,000	\$4,200,000
Price Adjustment		\$250,000	—	—	—	—	—
Description of Adjustment		Deferred Maintenance					
Effective Sale Price		\$4,600,000	\$3,111,650	\$16,000,000	\$8,250,000	\$4,875,000	\$4,200,000
Number of Units	43	46	26	90	46	28	36
Avg SF Per Unit	835	789	751	911	1,080	1,000	513
Price per Unit		\$100,000	\$119,679	\$177,778	\$179,348	\$174,107	\$116,667
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		—	—	—	—	—	—
Market Conditions	Feb-23	Dec-22	Dec-22	Mar-22	Jul-22	Sep-21	Aug-21
Annual % Adjustment	Variable	—	—	-3%	-3%	-1%	-1%
Cumulative Adjusted Price		\$100,000	\$119,679	\$172,444	\$173,967	\$172,366	\$115,500
Location		10%	—	—	-10%	-10%	—
Unit Count		—	—	5%	—	—	—
Construction Quality		5%	5%	5%	—	—	5%
Effective Age/Condition		15%	15%	—	10%	10%	—
Unit Features		5%	5%	5%	-3%	—	5%
Project Amenities		—	—	—	—	—	—
Average Unit Size		2%	4%	-2%	-7%	-5%	14%
Economic Characteristics		—	—	—	—	—	—
Net \$ Adjustment		\$37,000	\$34,707	\$22,418	-\$17,397	-\$8,618	\$27,720
Net % Adjustment		37%	29%	13%	-10%	-5%	24%
Final Adjusted Price		\$137,000	\$154,386	\$194,862	\$156,571	\$163,748	\$143,220
Overall Adjustment		37%	29%	10%	-13%	-6%	23%
Range of Adjusted Prices		\$137,000 - \$194,862					
Average		\$158,298					
Indicated Value		\$160,000					

Value Indication

Prior to adjustment, the sales reflect a range of \$100,000 - \$179,348 per unit. After adjustment, the range is narrowed to \$137,000 - \$194,862 per unit, with an average of \$158,298 per unit.

Although Sale 1 is the most recent sale in the dataset, the property fell out of escrow two time prior to the current closing due to the deferred maintenance (foundation issues with one building at the property). Less weight is given to Sale 1 in our analysis.

The remaining sales support an adjusted range from \$143,220 to \$194,862 per unit and an average of \$162,557 per unit. Based on these considerations, an unrestricted (market-rate) value of \$160,000 per unit is reasonable and well supported.

Secondary Restricted Sales

As discussed in the introduction of the Sales Comparison Approach, sales of affordable properties are rare on the open market. Most transfers of ownership occur when a project is re-syndicated with a

transfer between related entities and new tax credits are awarded for renovation. In our experience and extensive discussions with affordable property owners and developers a sales price within this market segment is not based upon a price per unit, nor a multiplier analysis. Rather the purchase is based on the income stream as it correlates to the existing and/or proposed income restrictions and debt structure. Included in the purchase decisions are intangibles, typically in the form of soft debt or tax credits. The table on the following page summarizes six sales in Northern California for which we have detailed information regarding the transaction.

The six sales indicate a wide range in pricing per unit from \$87,931 to \$185,085 per unit with sale dates ranging from December 2019 to June 2021.

Summary of Comparable Improved Sales (Restricted)

No.	Name/Address	Sale Date; Status	# Units	Effective Sale Price	\$/Unit	NOI/Unit	Cap Rate
1	Inglewood Oaks 7007 Inglewood Ave Stockton	Jun-21 Closed	64	\$8,100,000	\$126,563	\$7,252	5.73%
<i>Comments: Restrictions include 80% of units at 80% AMI and 20% at 50% AMI. Buyer assumed existing debt for the project, which impacted the capitalization rate. Property has a mix of one, two and three bedroom floorplans. Asking price was \$8,400,000.</i>							
2	The Cascaes 9838 Lincoln Village Dr Rancho Cordova	Apr-21 Closed	112	\$13,300,000	\$118,750	\$5,641	4.75%
<i>Comments: Property has restrictions at 50% and 60% AMI as of date of purchase. Capitalization rate is based on in-place income. Buyer intends to resyndicate property in the near term.</i>							
3	Cedar Tree Phase I & II 1674 East Robert St & 5631 Fresno	Mar-20 Closed	145	\$12,750,000	\$87,931	\$5,329	6.06%
<i>Comments: Property consists of two projects operating under one Regulatory Agreement from CTCAC. Property has 9 years remaining on its affordability restrictions, which are at 60% AMI for Fresno County. Contract date is November 2019. Capitalization rate and NOI are based on in-place income as of the date of sale per information provided by the listing broker as well as buyer. Buyer plans to hold the property and decide on either a resyndication or convert to market when the affordability restrictions expire.</i>							
4	Heritage Oaks 186 Muir Street Woodland	Mar-20 Closed	120	\$14,700,000	\$122,500	\$7,350	6.00%
<i>Comments: Property has a mix of one and two bedroom floorplans and was last renovated in 2006. Affordability restrictions range from 30% to 60% AMI and expire in 2060. Capitalization rate is based on reported in-place income.</i>							
5	Dover Woods 2801 Dover Ave Fairfield	Dec-19 Closed	200	\$33,600,000	\$168,000	\$7,997	4.76%
<i>Comments: Affordable senior property with a mix of one and two bedroom floorplans. Cap rate was based on a reported NOI of \$1,600,000 at the time of sale.</i>							
6	Heritage Plaza 1895 Benton Dr Redding	Apr-19 Closed	59	\$10,920,000	\$185,085	\$11,586	6.26%
<i>Comments: Property has rental restrictions in place from CTCAC, City of Redding and 48 units with Project Based HAP contract. Capitalization rate is based on in-place income as of the date of sale. All affordability restrictions expire in 2058.</i>							

In order to assess whether any adjustments can be made to the comparables based upon any indicators, we have conducted interviews with affordable housing market participants.

Jacob Levy with Levy Affiliated, owner of several affordable properties in the San Francisco Bay Area, as well as the southwestern region of the United States, indicated that their purchase model for affordable housing is based upon the opportunity for funds to purchase and renovate the property. Our discussions focused on his purchase of two properties in Contra Costa County, California. He indicated that the purchase price is established based on a re-syndication of the property and use of the tax credit funds to renovate the project. Oftentimes, additional public funds will be available or existing soft debt can be assumed for a project. Therefore, the amount of equity a buyer must invest into a property is minimized. And the driving factor is to preserve the net operating income of the project post renovation at a minimal initial investment.

We also discussed this issue with Chris Neale, Executive Vice President with CORE Companies. CORE is an experienced developer and owner of a variety of deed restricted affordable properties. Mr. Neale stated that the vast majority of sale transactions for this property type are what he termed as “formulaic.” This means that the purchase price was established based on both the economic attributes of the property in addition to the intangibles associated with the property. This type of purchase does not meet the definition of market value. The most common examples of this type of purchase are limited partner buy-out and renovation/recapitalization purchases. In both these instances the buyer is looking at the value or contribution of the recapitalization and/or debt in the purchase decision. In a limited partnership buy-out it is common for the debt to exceed the appraised value.

Mr. Neale went on to say that there are economic transactions which meet the definition of market value. These can occur when an owner, typically non-profit, seeks to increase their portfolio. It is Mr. Neale’s opinion that when an affordable project has economic value, the buyers will compete on the open market and rates of return common to the market rate property market. He also stated that if a non-profit buyer desires to under-bid a “for-profit” buyer, they have the ability due to additional revenue streams such as property management to take a slightly lower return and purchase at a slightly lower overall capitalization rate.

Typically, in our sales comparison approach, we will make adjustments to the market rate apartment sales based on differences in NOI under the restricted and unrestricted analyses. Freddie Mac requirements state the use of NOI adjustments is not preferred as it is correlated with the Income Capitalization Approach.

As discussed above, sales of affordable housing properties vary with the re-syndication of the project for additional subsidies and oftentimes the income stream post renovation differs from the income at the time of sale. There are not sufficient sales of affordable housing (LIHTC, HAP and other restricting agency programs) of non-resyndication projects in the subject area for which all of this data will be shared by an investor. Without applying adjustments for differences in NOI/income streams between the market-rate (non-restricted) comparables and the subject’s affordable income stream, we cannot obtain a value estimate for the restricted approaches. Therefore, we will begin the analysis with an NOI adjustment for the As Is and Hypothetical Restricted analyses. We will then utilize the affordable housing sales to check the reasonability of the adjustment analyses as it compares to sales comparable sales indicators.

To estimate the restricted value of the subject, we apply an economic characteristics adjustment to account for the subject's affordable housing restrictions (quantified based on differences in restricted versus unrestricted net operating income). The economic characteristics adjustment is calculated in the following table.

Economic Characteristics Adjustment	
	Restricted Value
Benchmark NOI (Market-Rate)	\$418,060
Capitalization Rate	6.00%
Indication	\$6,967,660
Value Scenario NOI	\$95,211
Capitalization Rate	6.00%
Indication	\$1,586,854
Difference	-\$5,380,807
Indicated Adjustment	-\$5,380,000

Based on the preceding analysis and the below-the-line adjustments discussed in the cost approach earlier in this report, the values indicated by the sales comparison approach are as follows.

Value Indication by Sales Comparison		
	Restricted Value	Unrestricted Value
<u>As If Stabilized</u>		
Benchmark Value per Unit	\$160,000	\$160,000
Subject Units	43	43
Indicated Benchmark Value	\$6,880,000	\$6,880,000
Adjustments		
Economic Characteristics Adjustment	-\$5,380,000	\$0
Total Adjustments	-\$5,380,000	\$0
Indicated Value	\$1,500,000	\$6,880,000
Rounded	\$1,500,000	\$6,880,000
<u>As If Complete</u>		
Stabilized Value Indication	\$1,500,000	
Lease-Up Costs	\$0	
Total Adjustments	\$0	
Indicated Value	\$1,500,000	
Rounded	\$1,500,000	

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In the valuation of the subject, we use only direct capitalization since the most probable buyer of the subject typically relies most on this methodology.

Market Rent Analysis

Our analysis considers the market rent of each basic unit type within the subject. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type and unit mix. There are few multifamily properties in the immediate Paradise; therefore, we have expanded our search to Oroville, which is also in Butte County. We were not able to identify any market-rate three-bedroom floorplans for lease within multifamily properties within these two communities. We will consider adjustments for bedroom count in our analysis.

Comparable rentals considered most relevant are summarized in the following tables.

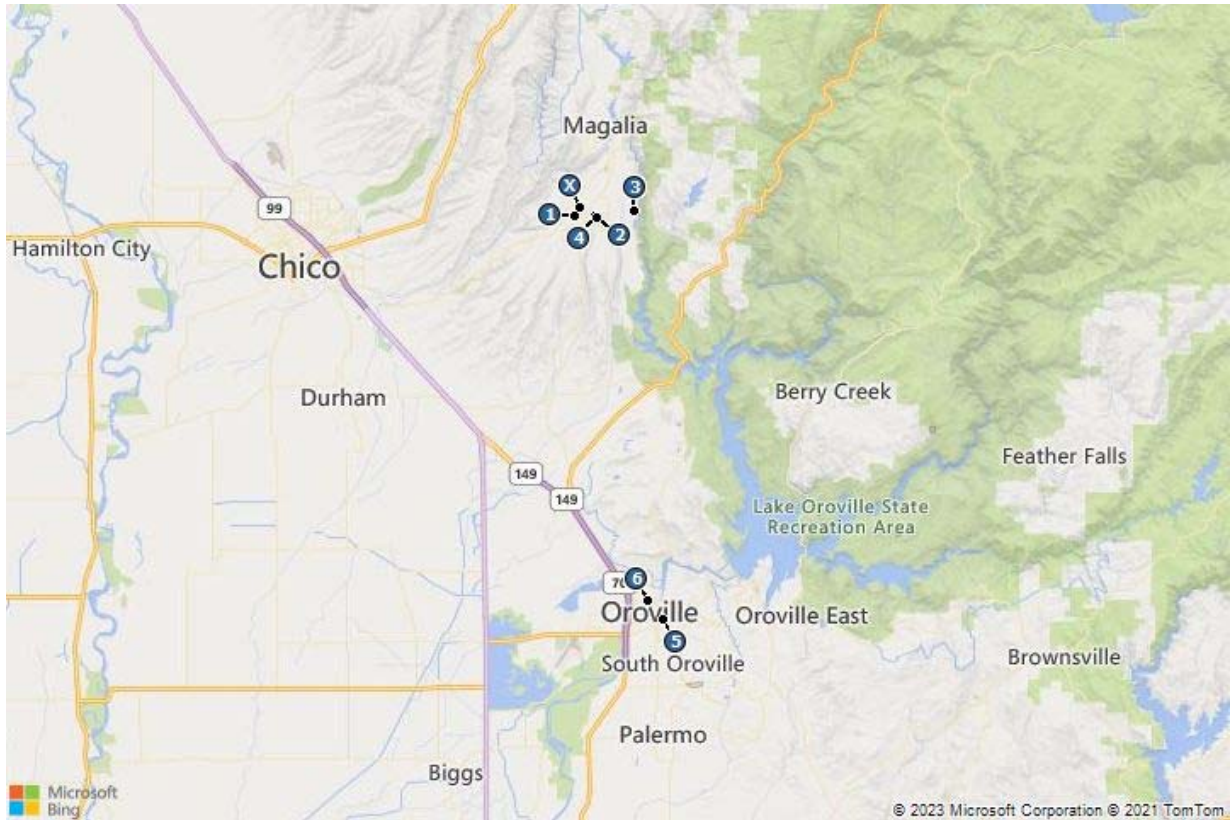
Summary of Comparable Rentals - Market-Rate Properties

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
1	Camino Apartments 5931 Camino Ln. Paradise	Feb-23	1980 1		68 93%			
				1Bd/1Ba		560	\$955	\$1.71
				2Bd/2Ba		900	\$1,600	\$1.78
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Patio/Balcony/Deck, Window Blinds/Shades, Attached Garage, Refrigerator, Dishwasher, Disposal, Range, Central AC					
	Comments:		530-876-1944: Each unit comes with an attached 2-car garage. No additional parking available. No concessions as of date of survey.					
2	Ridgepine Commons Apartment 1250 Elliot Rd. Paradise	Feb-23	1985 1		26 93%			
				1Bd/1Ba w/ garage		750	\$1,295	\$1.73
				1Bd/1Ba		750	\$1,100	\$1.47
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Carpeting, Central AC, Patio/Balcony/Deck, Window Blinds/Shades, Dishwasher, Disposal, Range, Refrigerator					
	Comments:		(530) 872-1810: Open parking is included on a first come, first served basis. No concessions as of date of survey.					
3	Paradise Boutique Apartments 5900 Canyon View Dr. Paradise	Feb-23	2022 2		99 98%			
				Studio		385	\$615	\$1.60
				Studio		571	\$640	\$1.12
				1Bd/1Ba		549	\$880	\$1.60
				1Bd/1Ba		665	\$925	\$1.39
				2Bd/2Ba		909	\$1,250	\$1.38
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Unit Features:		Central AC, Range, Refrigerator					
	Project Amenities:		Clubhouse Building, Common Laundry					
	Comments:		530-519-4880: All tenants pay a flat \$125 fee that covers all utilities + guest wifi. One uncovered assigned parking spot is included in rent. Limited covered parking spots (assigned by a waitlist) are available for \$10/month. Project was vacant for four years after the Camp Fire in 2018 and was previously an assisted living facility with 115 rooms. Property manager stated that out of a total 105 planned units, 45 have been completed and 44 are occupied. Property began leasing in June 2022. Phase II is under renovation as of date of survey.					

Summary of Comparable Rentals - Market-Rate Properties

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
4	Villa Monterey Apartments 1220 Elliott Rd. Paradise	Feb-23	1973 2		40 94%			
				1Bd/1Ba - Old		550	\$1,005	\$1.83
				1Bd/1Ba - New		550	\$1,100	\$2.00
				2Bd/1Ba		950	\$1,375	\$1.45
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Dishwasher, Disposal, Range, Refrigerator					
	Project Amenities:		Common Laundry					
	Comments:		(530) 762-0972: Each unit comes with one assigned covered parking space. No concessions offered as of date of survey. Manager reported 2 additional units are on notice and will have move-outs soon.					
5	The Courtyard Apartments 2720 Oro Dam Blvd. E. Oroville	Feb-23	1963 2		26 85%			
				1Bd/1Ba		750	\$900	\$1.20
				2Bd/1Ba		750	\$995	\$1.33
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Dishwasher, Range, Refrigerator					
	Project Amenities:		Common Laundry					
	Comments:		(530) 534-4136: No concessions offered as of date of survey.					
6	Tuscan Villa Apartments 76 & 85 Tuscan Villa Dr. Oroville	Feb-23	1986 2		134 99%			
				1Bd/1Ba		770	\$975	\$1.27
				2Bd/1Ba		900	\$1,200	\$1.33
				2Bd/1.5Ba		930	\$1,200	\$1.29
	Tenant-Paid Utilities:		In-Unit Electric, Gas, Water, Sewer, Trash					
	Unit Features:		Central HVAC, Dishwasher, Disposal, Range, Refrigerator					
	Comments:		(530) 534-9655: Rental rates for the 1Bd/1Ba and 2Bd/1.5Ba units are estimates as there are no vacancies in these floorplans. Tenants reimburse \$10/month for water and \$20/month for sewer and trash. Each unit comes with a carport space included in rent. No additional parking available. No concessions as of date of survey.					

Comparable Market-Rate Rentals





Rent Survey 1
Camino Apartments



Rent Survey 2
Ridgepine Commons Apartment



Rent Survey 3
Paradise Boutique Apartments



Rent Survey 4
Villa Monterey Apartments



Rent Survey 5
The Courtyard Apartments



Rent Survey 6
Tuscan Villa Apartments

Eaglepointe Apartments



Analysis and Adjustment of Rents

The rents are compared to the subject and adjusted to account for material differences that affect lease rates. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired analysis.

While percentage adjustments are presented in the adjustment grid that follows, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market behavior and perception. Except for market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-10% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable rent in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its rent is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its rent is adjusted upward.

Adjustments are applied for utility structure, size, location, quality, effective age/condition, unit features, project amenities, bedroom count, bathroom count, and parking. Adjustments are considered for the following factors, in the sequence shown below.

Tenant Paid Utilities

Rental rates vary inversely with tenant expense responsibilities. Comparables with greater tenant expense responsibilities than the subject need to be adjusted upward based on the estimated additional costs to the tenants, and comparables with fewer tenant expense responsibilities than the subject need to be adjusted downward.

The subject's landlord will pay for water, sewer and trash for the subject units. The subject's tenants are directly billed for in-unit electric and gas expenses. Rent 2 charges tenants \$125/month for water, sewer, trash and Wifi. A slightly lower adjustment of \$75/month has been applied to Rent 2 in our analysis we internet will not be included in the monthly rent. Rent 6 charges a total flat fee of \$30/month for water, sewer and trash expenses. We have applied this amount as an adjustment to Rent 6 in our analysis. The remaining comparables have a similar utility expense structure as the subject and no further adjustments have been applied.

Unit Size

Adjustments for size differences are based on the assumption that rent will vary at less than a one-to-one ratio to unit size differences. Considering the floorplan types analyzed, the size differences between the subject and the rent comparables, interviews with market participants, and paired rent analyses, a value ratio of 25% is applied to the comparables.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. The subject property has an average location in Paradise. Rents

1, 2, 3 and 4 are also located in Paradise and do not warrant adjustment. Rents 5 and 6 are located in Oroville, which has generally similar locational characteristics in Butte County and do not warrant adjustment.

Construction Quality

This category accounts for construction quality and functional utility. The subject reflects good quality apartment improvements. Overall, the comparables reflect similar quality improvements as the subject and do not require adjustment.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa.

Upon completion, the subject will be new and in good condition. Rent 3 represents a property with a similar effective age and does not warrant adjustment. The remaining comparables were completed between 1963 and 1986 and have been adjusted upward to reflect the new construction of the subject.

Unit Features

This category accounts for differences in interior unit finishout and features. The subject will feature average quality interior unit finishout that is consistent with affordable housing properties in the area. All subject units will have washer/dryers in the units.

None of the comparables include washer/dryers and all have been adjusted upward for this element.

Project Amenities

This category accounts for differences in common area amenities available to the entire complex. The subject's project amenities will include covered parking, a playground, community room and a basketball court.

Overall, the comparables include generally similar project amenities as the subject and do not require adjustment.

Bedroom Count

As discussed earlier, we did not identify any market-rate three-bedroom apartment units in either Paradise or Oroville. In our analysis, based on interviews with market participants and paired rent analyses, the rents are adjusted 5% per bedroom for differences in bedroom count.

Bathroom Count

This category accounts for differences in bathroom count. Based on interviews with market participants and paired rent analyses, the rents are adjusted 5% per bathroom for differences in bathroom count, with half baths adjusted at 3%.

Parking

The subject units will have one covered parking space for each unit. Rent 1 has a two-car garage included in the monthly rent for each unit and warrants a downward adjustment. No further adjustments have been applied.

Comparable Rental Adjustment Grids

The following tables summarize the adjustments made to the comparable rentals. Separate tables are provided for each unit type. The following analysis assumes an average unit and implicitly includes any premiums for view or location.

Rental Adjustment Grid - 1Bd/1Ba

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Eaglepoint Paradise Apartments	Camino Apartments	Ridgepine Commons Apartment	Paradise Boutique Apartments	Villa Monterey Apartments	The Courtyard Apartments	Tuscan Villa Apartments
Address	5975 Maxwell Dr.	5931 Camino Ln.	1250 Elliot Rd.	5900 Canyon View Dr.	1220 Elliott Rd.	2720 Oro Dam Blvd. E.	76 & 85 Tuscan Villa Dr.
City	Paradise	Paradise	Paradise	Paradise	Paradise	Oroville	Oroville
Survey Date		Feb-23	Feb-23	Feb-23	Feb-23	Feb-23	Feb-23
Unit Type	1Bd/1Ba	1Bd/1Ba	1Bd/1Ba	1Bd/1Ba	1Bd/1Ba - New	1Bd/1Ba	1Bd/1Ba
Average Unit SF	619	560	750	665	550	750	770
Average Rent/Mo		\$955	\$1,100	\$925	\$1,100	\$900	\$975
Rent/SF		\$1.71	\$1.47	\$1.39	\$2.00	\$1.20	\$1.27
Average Rent/Month		\$955	\$1,100	\$925	\$1,100	\$900	\$975
Utilities Adjustment							
\$ Adjustment		—	—	\$75	—	—	\$30
Size Adjustment							
% Adjustment	25%						
\$ Adjustment		\$25	-\$48	-\$16	\$35	-\$39	-\$48
Cumulative Adjusted Rent		\$980	\$1,052	\$984	\$1,135	\$861	\$957
Location		—	—	—	—	—	—
Construction Quality		—	—	—	—	—	—
Effective Age/Condition		5%	5%	—	5%	15%	5%
Unit Features		5%	5%	5%	5%	5%	5%
Project Amenities		—	—	—	—	—	—
Bedroom Count		—	—	—	—	—	—
Bathroom Count		—	—	—	—	—	—
Parking		-5%	—	—	—	—	—
Net \$ Adjustment		\$49	\$105	\$49	\$113	\$172	\$96
Net % Adjustment		5%	10%	5%	10%	20%	10%
Final Adjusted Price		\$1,029	\$1,157	\$1,033	\$1,248	\$1,033	\$1,053
Overall Adjustment		8%	5%	12%	13%	15%	8%
Summary Indicators		Range	Average	Average/SF			
Comparables - Adjusted		\$1,029 - \$1,248	\$1,092	—			
Concluded Market Rent		\$1,100 (\$1.78/SF)					

Rental Adjustment Grid - 2Bd/1Ba

	Subject	Comparable 1	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Eaglepoint Paradise Apartments	Camino Apartments	Paradise Boutique Apartments	Villa Monterey Apartments	The Courtyard Apartments	Tuscan Villa Apartments
Address	5975 Maxwell Dr.	5931 Camino Ln.	5900 Canyon View Dr.	1220 Elliott Rd.	2720 Oro Dam Blvd. E.	76 & 85 Tuscan Villa Dr.
City	Paradise	Paradise	Paradise	Paradise	Oroville	Oroville
Survey Date		Feb-23	Feb-23	Feb-23	Feb-23	Feb-23
Unit Type	2Bd/1Ba	2Bd/2Ba	2Bd/2Ba	2Bd/1Ba	2Bd/1Ba	2Bd/1Ba
Average Unit SF	821	900	909	950	750	900
Average Rent/Mo Rent/SF		\$1,600 \$1.78	\$1,250 \$1.38	\$1,375 \$1.45	\$995 \$1.33	\$1,200 \$1.33
Average Rent/Month		\$1,600	\$1,250	\$1,375	\$995	\$1,200
Utilities Adjustment \$ Adjustment		—	\$75	—	—	\$30
Size Adjustment % Adjustment	25%					
\$ Adjustment		-\$35	-\$30	-\$47	\$24	-\$26
Cumulative Adjusted Rent		\$1,565	\$1,295	\$1,328	\$1,019	\$1,204
Location		—	—	—	—	—
Construction Quality		—	—	—	—	—
Effective Age/Condition		5%	—	5%	15%	5%
Unit Features		5%	5%	5%	5%	5%
Project Amenities		—	—	—	—	—
Bedroom Count		—	—	—	—	—
Bathroom Count		-5%	-5%	—	—	—
Parking		-5%	—	—	—	—
Net \$ Adjustment		\$0	\$0	\$133	\$204	\$120
Net % Adjustment		0%	0%	10%	20%	10%
Final Adjusted Price		\$1,565	\$1,295	\$1,461	\$1,222	\$1,324
Overall Adjustment		-2%	4%	6%	23%	10%

Summary Indicators	Range	Average	Average/SF
Comparables - Adjusted	\$1,222 - \$1,565	\$1,373	—
Concluded Market Rent	\$1,400 (\$1.71/SF)		

Rental Adjustment Grid - 3Bd/2Ba

	Subject	Comparable 1	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Eaglepoint Paradise Apartments	Camino Apartments	Paradise Boutique Apartments	Villa Monterey Apartments	The Courtyard Apartments	Tuscan Villa Apartments
Address	5975 Maxwell Dr.	5931 Camino Ln.	5900 Canyon View Dr.	1220 Elliott Rd.	2720 Oro Dam Blvd. E.	76 & 85 Tuscan Villa Dr.
City	Paradise	Paradise	Paradise	Paradise	Oroville	Oroville
Survey Date		Feb-23	Feb-23	Feb-23	Feb-23	Feb-23
Unit Type	3Bd/2Ba	2Bd/2Ba	2Bd/2Ba	2Bd/1Ba	2Bd/1Ba	2Bd/1.5Ba
Average Unit SF	1,072	900	909	950	750	930
Average Rent/Mo Rent/SF		\$1,600 \$1.78	\$1,250 \$1.38	\$1,375 \$1.45	\$995 \$1.33	\$1,200 \$1.29
Average Rent/Month		\$1,600	\$1,250	\$1,375	\$995	\$1,200
Utilities Adjustment						
\$ Adjustment		—	\$75	—	—	\$30
Size Adjustment						
% Adjustment	25%					
\$ Adjustment		\$76	\$56	\$44	\$107	\$46
Cumulative Adjusted Rent		\$1,676	\$1,381	\$1,419	\$1,102	\$1,276
Location		—	—	—	—	—
Construction Quality		—	—	—	—	—
Effective Age/Condition		5%	—	5%	15%	5%
Unit Features		5%	5%	5%	5%	5%
Project Amenities		—	—	—	—	—
Bedroom Count		5%	5%	5%	5%	5%
Bathroom Count		—	—	5%	5%	3%
Parking		-5%	—	—	—	—
Net \$ Adjustment		\$168	\$138	\$284	\$331	\$230
Net % Adjustment		10%	10%	20%	30%	18%
Final Adjusted Price		\$1,844	\$1,519	\$1,703	\$1,432	\$1,505
Overall Adjustment		15%	22%	24%	44%	25%

Summary Indicators	Range	Average	Average/SF
Comparables - Adjusted	\$1,432 - \$1,844	\$1,601	—
Concluded Market Rent	\$1,600 (\$1.49/SF)		

Market Rent Conclusions

All rent comparables result in reliable indications of market rent for the subject and are given weight in the analysis. Based on the prior analysis of comparable rentals, market rent is concluded for each unit type in the following table.

Market Rent Conclusions				
Unit Type	Total Units	Avg. Unit Size	Market Rent/ Month	Market Rent/SF
1Bd/1Ba	12	619	\$1,100	\$1.78
2Bd/1Ba	19	821	\$1,400	\$1.71
3Bd/2Ba	12	1,072	\$1,600	\$1.49
Total/Avg.	43	835	\$1,372	\$1.64

Restricted Rent Analysis

Upon completion of construction the subject will be encumbered by regulatory agreements with the California Tax Credit Allocation Committee (CTCAC) and CDBG that will restrict the subject to affordable housing use. The subject's most restrictive set-aside layer will restrict 42 of the subject units to households earning at or below 30%, 40%, 50% and 60% of area median income (AMI) for Butte County. The remaining unit will be a non-revenue unit designated for employee occupancy. The property will not have any project-based subsidies.

Maximum Allowable Rents

Current maximum allowable rents and utility allowances for each of the subject's set-aside layers are summarized in the following table.

Restricted Maximum Allowable Rental Rates

California Tax Credit Allocation Committee (CTCAC) Regulatory Agreement									
5 units at 30% AMI, 5 units at 40% AMI, 22 units at 50% AMI, 10 units at 60% AMI + 1 employee unit									
Unit Type	Average Unit Size	Number of Units	Income Restriction	Gross Restricted Rent	Utility Allowance	Net Restricted Rent	Most Restrictive Set-Aside		
							Restricted	Unsubordinated	
1Bd/1Ba	619	1	30% AMI	\$438	\$120	\$318	Yes	No	
1Bd/1Ba	619	2	40% AMI	\$585	\$120	\$465	Yes	No	
1Bd/1Ba	619	6	50% AMI	\$731	\$120	\$611	Yes	No	
1Bd/1Ba	619	3	60% AMI	\$877	\$120	\$757	Yes	No	
2Bd/1Ba	821	2	30% AMI	\$526	\$144	\$382	Yes	No	
2Bd/1Ba	821	2	40% AMI	\$702	\$144	\$558	Yes	No	
2Bd/1Ba	821	10	50% AMI	\$877	\$144	\$733	Yes	No	
2Bd/1Ba	821	4	60% AMI	\$1,053	\$144	\$909	Yes	No	
3Bd/2Ba	1,072	2	30% AMI	\$607	\$171	\$436	Yes	No	
3Bd/2Ba	1,072	1	40% AMI	\$810	\$171	\$639	Yes	No	
3Bd/2Ba	1,072	6	50% AMI	\$1,013	\$171	\$842	Yes	No	
3Bd/2Ba	1,072	3	60% AMI	\$1,215	\$171	\$1,044	Yes	No	
2Bd/1Ba	821	1	Employee						

Community Development Block Grant - Disaster Relief (CDBG-DR) Regulatory Agreement

All units at or below 80% AMI

Unit Type	Average Unit Size	Number of Units	Income Restriction	Gross Restricted Rent	Utility Allowance	Net Restricted Rent	Most Restrictive Set-Aside		
							Restricted	Unsubordinated	
1Bd/1Ba	619	12	High HOME	\$895	\$120	\$775	No	No	
2Bd/1Ba	821	19	High HOME	\$1,118	\$144	\$974	No	No	
3Bd/2Ba	1,072	12	High HOME	\$1,284	\$171	\$1,113	No	No	

Utilities Allowances/Expenses – Restricted Units

Current utility allowances and utility expense responsibility breakdown for the subject's restricted units are summarized in the following tables.

Utility Allowances - Restricted Units

Utility	1-Bedroom	2-Bedroom	3-Bedroom
Heating - Gas	\$20	\$25	\$31
Cooking - Gas	\$4	\$5	\$5
Other Electric	\$50	\$59	\$72
Air Conditioning	\$15	\$20	\$23
Water Heating - Gas	\$17	\$21	\$26
Electric PG&E	\$10	\$10	\$10
Other Gas	\$4	\$4	\$4
Total Utility Allowance	\$120	\$144	\$171

Source: Housing Authority of the County of Butte (Paradise Water Area); Effective 10/1/2022

Utilities Expenses - Restricted Units

Tenant-Paid Utilities	Owner-Paid-Utilities
In-Unit Electric	Water
Gas Heat	Sewer
Gas Cooking	Trash
Water Heating	

Maximum Allowable Rent vs Market Rent

The following tables compare the subject's maximum allowable rents to the market rent conclusions for the subject.

Restricted Rent vs Market-Rate Rent

Unit Type	Average Unit Size	Number of Units	Income Restriction	Most Restrictive Set-Aside	Net Maximum Allowable Rent		Market-Rate Rent		Difference
					Average	Avg. \$/SF	Average	Avg. \$/SF	
1Bd/1Ba	619	1	30% AMI	CTCAC	\$318	\$0.51	\$1,100	\$1.78	-71%
1Bd/1Ba	619	2	40% AMI	CTCAC	\$465	\$0.75	\$1,100	\$1.78	-58%
1Bd/1Ba	619	6	50% AMI	CTCAC	\$611	\$0.99	\$1,100	\$1.78	-44%
1Bd/1Ba	619	3	60% AMI	CTCAC	\$757	\$1.22	\$1,100	\$1.78	-31%
2Bd/1Ba	821	2	30% AMI	CTCAC	\$382	\$0.47	\$1,400	\$1.71	-73%
2Bd/1Ba	821	2	40% AMI	CTCAC	\$558	\$0.68	\$1,400	\$1.71	-60%
2Bd/1Ba	821	10	50% AMI	CTCAC	\$733	\$0.89	\$1,400	\$1.71	-48%
2Bd/1Ba	821	4	60% AMI	CTCAC	\$909	\$1.11	\$1,400	\$1.71	-35%
3Bd/2Ba	1,072	2	30% AMI	CTCAC	\$436	\$0.41	\$1,600	\$1.49	-73%
3Bd/2Ba	1,072	1	40% AMI	CTCAC	\$639	\$0.60	\$1,600	\$1.49	-60%
3Bd/2Ba	1,072	6	50% AMI	CTCAC	\$842	\$0.79	\$1,600	\$1.49	-47%
3Bd/2Ba	1,072	3	60% AMI	CTCAC	\$1,044	\$0.97	\$1,600	\$1.49	-35%
2Bd/1Ba	821	1	Employee	CTCAC					

The subject's maximum allowable rents are 31% to 73% below the market rent conclusions for the subject. This significant difference between the subject's maximum allowable rents and market rents is a strong indication for the high demand for affordable housing in the subject area.

Affordable Housing Rent Survey

To determine the reasonableness of the subject's income-restricted rents, comparable affordable housing properties in the subject's competitive area are analyzed. Comparable rentals considered most relevant are summarized in the following tables.

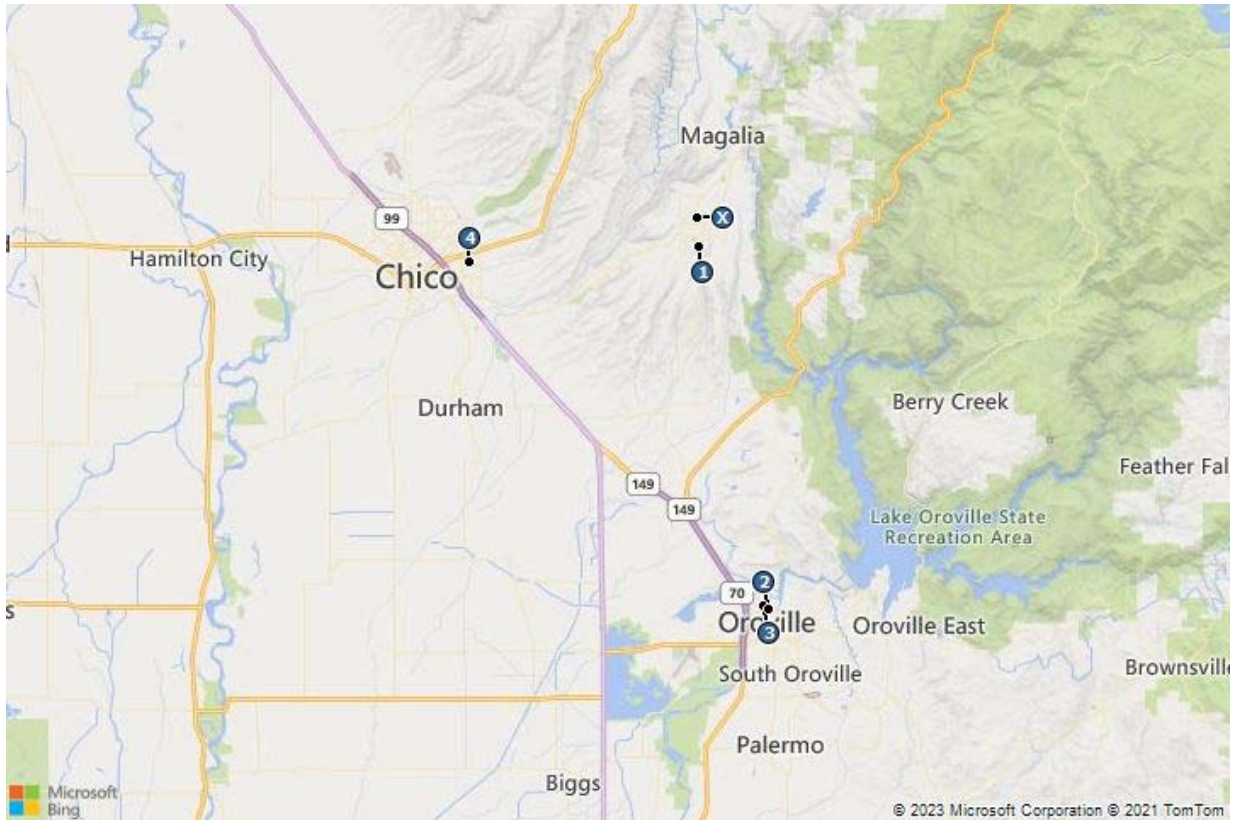
Summary of Comparable Rentals - Affordable Housing Properties

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
1	Paradise Community Village 1001 Village Pky. Paradise	Feb-23	2011 2		36 100%			
				1Bd/1Ba		800	\$706	\$0.88
				2Bd/1Ba		1,000	\$848	\$0.85
				3Bd/2Ba		1,200	\$974	\$0.81
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Range, Refrigerator, Dishwasher, Patio/Balcony/Deck					
	Project Amenities:		Common Laundry, Clubhouse Building, Playground					
	Comments:		(530) 872-1210: No vacant units as of date of survey. Project has units restricted to 30%, 40%, 50% and 60% AMI. Only the 60% AMI rents were provided by the leasing agent, which are reported to be at maximum allowable rates. The property was originally constructed in 2013 and destroyed in the fire. The 36 units were rebuilt in 2021. It was reported that lease-up took approximately 6 months.					
2	Olive Ranch Apartments 95 Tuscany Dr. Oroville	Feb-23	2023 3		93 0%			
				1Bd/1Ba - 60% AMI		650	\$719	\$1.11
				2Bd/2Ba - 60% AMI		929	\$870	\$0.94
				3Bd/2Ba - 60% AMI		1,083	\$995	\$0.92
	Tenant-Paid Utilities:		In-Unit Electric					
	Unit Features:		Range, Refrigerator, Dishwasher, Patio/Balcony/Deck					
	Project Amenities:		Common Laundry, Playground, Clubhouse Building					
	Comments:		(530) 781-3348: Property is under construction and conducting pre-leasing. All units will be completed in April 2023. Units will be leased at 30%, 40%, 50% and 60% AMI levels. Leasing agent provided the 60% AMI rents and stated that all units will be leased at maximum allowable levels. Based on the pre-leasing to-date, all units are expected to be leased upon completion of construction.					

Summary of Comparable Rentals - Affordable Housing Properties

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
3	Sierra Village 23 Nelson Ave. Oroville	Feb-23	2005 2		61 95%			
				2Bd/1Ba-30%AMI		900	\$382	\$0.42
				2Bd/1Ba-40%AMI		900	\$558	\$0.62
				2Bd/1Ba-50%AMI		900	\$733	\$0.81
				2Bd/1Ba-60%AMI		900	\$909	\$1.01
				3Bd/2Ba-30%AMI		1,058	\$436	\$0.41
				3Bd/2Ba-40%AMI		1,058	\$639	\$0.60
				3Bd/2Ba-50%AMI		1,058	\$842	\$0.80
				3Bd/2Ba-60%AMI		1,058	\$1,044	\$0.99
				4Bd/2Ba-50%AMI		1,217	\$933	\$0.77
				4Bd/2Ba-60%AMI		1,217	\$1,159	\$0.95
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Range, Dishwasher, Patio/Balcony/Deck, Refrigerator					
	Project Amenities:		Common Laundry, Playground, Clubhouse Building					
	Comments:		(530) 532-0302: Property is leasing at maximum LIHTC rents. Waitlist is currently open with no estimate of length.					
4	Murphy Commons 1290 Notre Dame Blvd. Chico	Feb-23	2008 3		86 92%			
				2Bd/1Ba-40%AMI		769	\$536	\$0.70
				2Bd/1Ba-50%AMI		769	\$697	\$0.91
				2Bd/1Ba-60%AMI		900	\$854	\$0.95
				3Bd/2Ba-40%AMI		1,160	\$610	\$0.53
				3Bd/2Ba-50%AMI		1,160	\$795	\$0.69
				3Bd/2Ba-60%		1,160	\$974	\$0.84
				4Bd/2Ba-40%AMI		1,200	\$670	\$0.56
				4Bd/2Ba-50%AMI		1,200	\$893	\$0.74
	Tenant-Paid Utilities:		In-Unit Electric, Gas					
	Unit Features:		Range, Dishwasher, Central AC, Patio/Balcony/Deck, Refrigerator					
	Project Amenities:		Common Laundry, Clubhouse Building, Playground					
	Comments:		(530) 343-2286: Property has an open waitlist. Average wait time was estimated by the leasing agent to be 1.5-2 years. for 2-3Bd units and 3+ for 4Bd units. They are at the max allowable rates.					

Comparable Affordable Housing Rentals





Rent Survey 1
Olive Ranch Apartments



Rent Survey 2
Paradise Community Village



Rent Survey 3
Sierra Village



Rent Survey 4
Murphy Commons

Affordable Housing Rent Survey Analysis

Based on the results of our affordable housing rent survey as well as discussions with affordable housing market participants throughout the region, most affordable housing properties are currently charging maximum allowable rents due to the extremely high demand for affordable housing properties region-wide.

The affordable housing rent comparables reported vacancy rates of 0% to 8% for completed properties, with all of the properties reporting lengthy waitlists. Rent 2 is under construction with anticipated completion in April 2023. Pre-leasing has been strong to-date and all units are anticipated to be leased upon completion of construction. The properties that reported current vacancies are currently in the application and tenant qualification process to lease these vacancies to waitlist applicants.

Restricted Rent Conclusions

Overall, the affordable housing market supports the use of maximum allowable rents for income-restricted affordable housing. Based on the prior analysis, maximum allowable rents are utilized for the subject's restricted units in the restricted valuation.

Gross Income Estimate

Potential Gross Rent

Restricted Analysis: This valuation scenario assumes the subject is encumbered by all proposed regulatory agreements. Potential gross rent for the subject in the restricted valuation is based on the following:

- **Restricted Units:** Maximum allowable restricted rent
- **Project-Based Voucher Subsidy Units:** Not Applicable
- **Employee Unit:** No rent recognized

Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent - Restricted						
Unit Type	Income Restriction	Regulatory Agency	Rent Subsidy	Total Units	Max Allowable Rent/Unit	Potential Rent at Max Allowable
1Bd/1Ba	30% AMI	CTCAC	-	1	\$318	\$3,816
1Bd/1Ba	40% AMI	CTCAC	-	2	\$465	\$11,160
1Bd/1Ba	50% AMI	CTCAC	-	6	\$611	\$43,992
1Bd/1Ba	60% AMI	CTCAC	-	3	\$757	\$27,252
2Bd/1Ba	30% AMI	CTCAC	-	2	\$382	\$9,168
2Bd/1Ba	40% AMI	CTCAC	-	2	\$558	\$13,392
2Bd/1Ba	50% AMI	CTCAC	-	10	\$733	\$87,960
2Bd/1Ba	60% AMI	CTCAC	-	4	\$909	\$43,632
3Bd/2Ba	30% AMI	CTCAC	-	2	\$436	\$10,464
3Bd/2Ba	40% AMI	CTCAC	-	1	\$639	\$7,668
3Bd/2Ba	50% AMI	CTCAC	-	6	\$842	\$60,624
3Bd/2Ba	60% AMI	CTCAC	-	3	\$1,044	\$37,584
2Bd/1Ba	Employee	CTCAC	-	1	\$0	\$0
Grand Total				43	\$691	\$356,712

Non-profit affordable housing operators typically do not recognize any rental income for employee units in their budgets and historical operating statements. Therefore, no rent for the subject's employee unit is recognized in our potential gross rent projections under the restricted rent analyses. Additionally, no employee unit expense will be recognized in the payroll/benefits expense projection estimated later in our analysis since the restricted expense comparables also do not recognize employee unit rent in their potential gross rent projections.

Unrestricted Analysis: This valuation scenario assumes the subject is not encumbered by affordable housing restrictions and can operate the subject as an unrestricted market-rate property with the subject units leased at market-rate rents. Additionally, this valuation scenario assumes the subject will not receive any rent or operating subsidies related to affordable housing.

Potential gross rent for the subject in the unrestricted valuation is based on the following:

- **Tenant Units:** Market rent
- **Employee Unit:** Market rent

Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent - Unrestricted			
Unit Type	Total Units	Market Rent/Unit	Potential Rent at Market
1Bd/1Ba	12	\$1,100	\$158,400
2Bd/1Ba	19	\$1,400	\$319,200
3Bd/2Ba	12	\$1,600	\$230,400
Grand Total	43	\$1,372	\$708,000

Market-rate apartment operators typically recognize market rent for employee units in rent rolls, then deduct any employee unit costs related to free or discounted rent given to employees as a payroll/benefits expense. Therefore, market rent is assigned to the subject's employee unit in our potential gross rent projection under the unrestricted rent scenario. The difference between market rent and typical employee rent payments for market-rate properties will be recognized in the payroll/benefits expense projection estimated later in our analysis since the unrestricted expense comparables also recognize employee unit rent in their potential gross rent projections and deduct employee unit expenses as a payroll/benefits expense.

Other Income

The other income category includes any other income from the property including revenues from retained cleaning deposits, new tenant application fees, non-sufficient fees/late charges, and other miscellaneous revenue sources. All units at the subject will have washer/dryers in the unit; this, there will not be any laundry income. The developer proforma estimates other income to be \$2,150 annually, or \$50 per unit. Per data within our files, projects with in-unit laundry in non-urban areas typically generate other income ranging from \$25 to \$75 per unit. Therefore, the proforma amount is within the typical range and will be used in our analyses.

Vacancy & Collection Loss Allowance

Restricted Analysis: The subject's stabilized proforma projects vacancy of 5.0% for the subject.

As of year-end 2022, CoStar reported a vacancy rate of 3.0% for affordable housing apartments in Butte County. The affordable housing rent comparables reported vacancy rates of 0% to 8%, with all of

the properties reporting lengthy waitlists. The properties that reported current vacancies are currently in the application and tenant qualification process to lease these vacancies to waitlist applicants.

Giving most weight to the subject's stabilized proforma, a stabilized vacancy and collection loss allowance of 5.0% of potential gross income is projected for the restricted valuation. This vacancy and collection loss conclusion reflects the market's expected average vacancy over a typical holding period and is considered to be in line with current investor expectations.

Unrestricted: As of Q4-2022, CoStar reported a vacancy rate of 3.63% for the Chico metro. The market-rate rent comparables reported vacancy rates ranging from 1% to 7%.

Based on current market-rate apartment vacancy rates coupled with typical investor expectations, a stabilized vacancy and collection loss allowance of 5.0% of potential gross income is projected for the unrestricted valuation. This vacancy and collection loss conclusion reflects the market's expected average vacancy over a typical holding period and is considered to be in line with current investor expectations.

Concessions

Restricted Analysis: Rent concessions are not typical for affordable housing properties; therefore, no concessions deduction is recognized in the restricted valuation.

Unrestricted Analysis: Rent concessions are currently not prevalent for market-rate apartment properties in the subject's area. None of the comparable projects are offering concessions as of the date of survey. Therefore, no deductions are made for concessions for the subject's market-rate units.

Effective Gross Income

Based on the prior income analysis, effective gross income for each valuation scenario is projected as follows.

Effective Gross Income		
	Restricted Value	Unrestricted Value
Rental Income	\$356,712	\$708,000
Other Income	2,150	2,150
Potential Gross Income	\$358,862	\$710,150
Vacancy & Collection Loss	-17,943	-35,508
Effective Gross Income	\$340,919	\$674,643

Operating Expenses

To develop projections of stabilized operating expenses, we analyze the subject's stabilized proforma dated January 30, 2023, and comparable expense data for similar properties. The following tables summarize our analysis. As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this property asset type.

Operating History and Projections - Restricted

	Budget 2023	Restricted Value
Income		
Rental Income	\$356,712	\$356,712
Other Income	2,150	2,150
Potential Gross Income*	\$358,862	\$358,862
Vacancy & Collection Loss @ 5.0%	-\$17,943	-17,943
Effective Gross Income	\$340,919	\$340,919
Expenses		
Real Estate Taxes	\$1,000	\$648
Insurance	25,800	25,800
Utilities	50,400	47,300
Repairs/Maintenance	32,200	31,175
Payroll/Benefits	66,800	66,650
Advertising & Marketing	300	860
General/Administrative	18,040	18,275
Management	20,500	21,500
Tenant Services	12,000	12,000
Replacement Reserves	21,500	21,500
Total Expenses	\$248,540	\$245,708
Net Operating Income	\$92,379	\$95,211
Operating Expense Ratio**	66.6%	65.8%

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Operating History and Projections - Unrestricted

	Unrestricted Value
Income	
Rental Income	\$708,000
Other Income	2,150
Potential Gross Income*	\$710,150
Vacancy & Collection Loss @ 5.0%	-35,508
Effective Gross Income	\$674,643
Expenses	
Real Estate Taxes	\$78,319
Insurance	25,800
Utilities	47,300
Repairs/Maintenance	31,175
Payroll/Benefits	34,400
Advertising & Marketing	2,150
General/Administrative	6,450
Management	20,239
Tenant Services	0
Replacement Reserves	10,750
Total Expenses	\$256,583
Net Operating Income	\$418,060
Operating Expense Ratio**	36.4%

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Per unit expense data for the subject and the comparable properties are summarized below.

Expense Analysis per Unit - Restricted					
	Comp Data*			Subject	
	Comp 1	Comp 2	Comp 3	Projected Expenses	
Year Built	Proposed	Proposed	Proposed	Proposed Completion 2024	
Number of Units	104	162	39	43	
Operating Data Type	Proforma	Proforma	Proforma	Budget	
Year	2022	2021	2021	2023	Restricted Value
Real Estate Taxes	\$48	\$0	\$50	\$23	\$15
Insurance	\$350	\$216	\$700	\$600	\$600
Utilities	\$1,005	\$1,265	\$951	\$1,172	\$1,100
Repairs/Maintenance	\$363	\$772	\$434	\$749	\$725
Payroll/Benefits	\$1,509	\$1,667	\$1,597	\$1,553	\$1,550
Advertising & Marketing	\$2	\$0	\$89	\$7	\$20
General/Administrative	\$228	\$360	\$154	\$420	\$425
Management	\$600	\$720	\$874	\$477	\$500
Tenant Services	\$240	\$198	\$492	\$279	\$279
Replacement Reserves	\$0	\$250	\$250	\$500	\$500
Total	\$4,346	\$5,448	\$5,592	\$5,780	\$5,714
Operating Expense Ratio	68.7%	63.1%	63.4%	66.6%	65.8%
*Comp 1: Tonea Senior Apts, Chico, CA Comp 2: Senator Conness Apts, Chico, CA Comp 3: Live Oak, Redding, CA					

Expense Analysis per Unit - Unrestricted

	Comp Data*			Subject
	Comp 1	Comp 2	Comp 3	Projected Expenses
Year Built	1974/2020	1991	1991	Proposed
Number of Units	89	144	100	43
Operating Data Type	In-Place	In-Place	In-Place	
Year	2021	2021	2020	Unrestricted Value
Real Estate Taxes	\$746	\$824	\$677	\$1,821
Insurance	\$546	\$247	\$291	\$600
Utilities	\$1,318	\$1,085	\$920	\$1,100
Repairs/Maintenance	\$1,761	\$1,852	\$1,305	\$725
Payroll/Benefits	\$629	\$1,560	\$830	\$800
Advertising & Marketing	\$0	\$171	\$8	\$50
General/Administrative	\$199	\$28	\$101	\$150
Management	\$86	\$702	\$554	\$471
Tenant Services	\$0	\$0	\$0	\$0
Total	\$5,285	\$6,468	\$4,686	\$5,967
Operating Expense Ratio	52.1%	46.1%	43.1%	36.4%

*Comp 1: Market Rate Apts, Oroville, CA

Comp 2: Market Rate Apts, Chico, CA

Comp 3: Market Rate Apts, Chico, CA

Operating Expense Analysis by Category

Discussions of our operating expense projections are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property tax levies, including special assessments.

Ad Valorem Taxes: As of the current 2022-2023 tax year, the subject has a current ad valorem tax rate of 1.087410% of total assessed value, which is applied to the income approach value indication (unrounded).

The subject's current assessed values and direct assessments reflect the subject's physical status as of the 2022 assessment date. Upon completion of construction, the subject's assessed values and direct assessments will be reassessed to reflect the subject's new apartment improvements.

The State of California's welfare tax exemption exempts all qualified affordable housing units under non-profit ownership at or below 80% AMI from ad valorem taxes. To determine eligibility for this welfare tax exemption, California State law requires the California Department Housing and Community Development (HCD) to annually publish income limits based on data released by the United States Department Housing and Urban Development (HUD).

The proposed subject improvements will be eligible for a welfare tax exemption due to the subject's proposed non-profit ownership and proposed affordable housing income restrictions. All of the subject units will be at or below the 80% AMI threshold required to qualify for a welfare tax exemption, indicating a welfare tax exemption of 100 for the subject.

The restricted values of the proposed subject improvements are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will continue to be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.

Direct Assessments: Apartment properties in the subject's tax rate area are typically charged direct assessments. The welfare tax exemption is an exemption from ad valorem taxation only and does not apply to direct assessments or special taxes (such as special assessments, special taxes, direct levies, delinquent county utility billings, weed and hazard abatement charges, and mello-roos bonds) because these items are not defined as property taxes under California State law since they are not based upon the assessed value of the property. The subject's annual direct assessments for the current 2022-2023 tax year totaled \$648, which is input in our analysis.

Real Estate Taxes Projection: Based on the prior analysis, real estate tax expense projections for each valuation scenario are calculated in the following table.

Real Estate Taxes Expense		
	Restricted Value	Unrestricted Value
Value Indication ¹	\$1,586,854	\$6,967,660
Welfare Tax Exemption %	100%	0%
Less: Welfare Tax Exemption	-\$1,586,854	\$0
Taxable Value	\$0	\$6,967,660
Tax Rate	1.0874%	1.0874%
Ad Valorem Taxes	\$0	\$75,767
Plus: Direct Assessments	\$648	\$648
Projected Tax Expense	\$648	\$76,415

¹ Direct capitalization indication, unrounded

Insurance

Insurance expense includes property and casualty insurance for the subject. The subject property is located in the Town of Paradise, which suffered significantly property damage from the Camp Fire in 2018. Much of Northern California has seen significant increases in insurance rates in the past two years.

Giving primary weight to the subject's stabilized proforma, and giving supporting weight to the expense comparables, insurance expenses for all valuation scenarios are projected as follows.

Insurance Expense - Restricted

	Comp 1 2022	Comp 2 2021	Comp 3 2021	Budget	Restricted Value
Total	—	—	—	\$25,800	\$25,800
% of EGI	5.5%	2.6%	8.3%	7.6%	7.6%
\$/Unit	\$350	\$216	\$700	\$600	\$600

Insurance Expense - Unrestricted

	Comp 1 2021	Comp 2 2021	Comp 3 2020	Unrestricted Value
Total	—	—	—	\$25,800
% of EGI	5.4%	1.8%	2.7%	3.8%
\$/Unit	\$546	\$247	\$291	\$600

Utilities

Utilities expenses typically include all common area utilities and any landlord-paid unit utilities included in the rental rates. The subject's landlord will pay for water, sewer and trash expenses for the subject units. The subject's tenants are directly billed for in-unit electric and gas expenses; therefore, these expenses are not included in our utilities projection.

The developer proforma utility expense is within the range of the comparable data and has been given the most weight in our analysis. Based on these considerations, utilities expenses for all valuation scenarios are projected as follows.

Utilities Expense - Restricted

	Comp 1 2022	Comp 2 2021	Comp 3 2021	Budget	Restricted Value
Total	—	—	—	\$50,400	\$47,300
% of EGI	15.9%	15.4%	11.3%	14.8%	13.9%
\$/Unit	\$1,005	\$1,265	\$951	\$1,172	\$1,100

Utilities Expense - Unrestricted

	Comp 1 2021	Comp 2 2021	Comp 3 2020	Unrestricted Value
Total	—	—	—	\$47,300
% of EGI	13.0%	7.7%	8.5%	7.0%
\$/Unit	\$1,318	\$1,085	\$920	\$1,100

The utilities expenses projected for the subject are further detailed in the following table. Line item utility expenses were not available for the unrestricted comparables obtained from third party data sources, which lump all utility expenses into a single category.

Utilities Expense Detail									
	Restricted Comparables			Unrestricted Comparables				Restricted	Unrestricted
	Comp 1	Comp 2	Comp 3	Comp 1	Comp 2	Comp 3	Budget	Projection	Projection
Gas	\$0	\$278	\$262				\$58	\$55	\$55
Electricity	\$288	\$340	\$313				\$116	\$110	\$110
Water/Sewer	\$635	\$401	\$326				\$709	\$660	\$660
Trash	\$82	\$247	\$51				\$288	\$275	\$275
Totals	\$1,005	\$1,265	\$951	\$1,318	\$1,085	\$920	\$1,172	\$1,100	\$1,100

Repairs/Maintenance

Repairs and maintenance includes expenditures to repair and maintain building mechanical systems and structural components, and also the grounds. This category includes supplies and independent contractor charges but excludes payroll costs. Also included are painting and decorating, as well as security costs. Major replacements and building alterations are not included because they are considered capital costs.

Giving primary weight to the subject's stabilized proforma, and giving supporting weight to the expense comparables, repairs/maintenance expenses for all valuation scenarios are projected as follows.

Repairs/Maintenance Expense - Restricted					
	Comp 1	Comp 2	Comp 3	Budget	Restricted
	2022	2021	2021		Value
Total	—	—	—	\$32,200	\$31,175
% of EGI	5.7%	9.4%	5.1%	9.4%	9.1%
\$/Unit	\$363	\$772	\$434	\$749	\$725

Repairs/Maintenance Expense - Unrestricted				
	Comp 1	Comp 2	Comp 3	Unrestricted
	2021	2021	2020	Value
Total	—	—	—	\$31,175
% of EGI	17.4%	13.2%	12.0%	4.6%
\$/Unit	\$1,761	\$1,852	\$1,305	\$725

The repairs/maintenance expenses projected for the subject are further detailed in the following table. Line item repairs/maintenance expenses were not available for the unrestricted comparables

obtained from third party data sources, which lump all repairs/maintenance expenses into a single category.

Repairs/Maintenance Expense Detail

	Restricted Comparables			Unrestricted Comparables			Budget	Restricted Projection	Unrestricted Projection
	Comp 1	Comp 2	Comp 3	Comp 1	Comp 2	Comp 3			
Repairs	\$183	\$556	\$270				\$481	\$471	\$471
Extermination	\$17	\$62	\$54				\$35	\$36	\$36
Grounds	\$97	\$154	\$49				\$233	\$218	\$218
Elevator	\$48	\$0	\$0				\$0	\$0	\$0
Janitorial	\$0	\$0	\$0				\$0	\$0	\$0
Security	\$19	\$0	\$62				\$0	\$0	\$0
Totals	\$363	\$772	\$434	\$1,761	\$1,852	\$1,305	\$749	\$725	\$725

Payroll/Benefits

Payroll/benefits expenses pertain to onsite personnel, including leasing office and maintenance staff.

Restricted Analysis: Payroll/benefits expenses for affordable housing properties can vary widely depending on a property's specific personnel needs due to income restrictions and targeted demographics.

Considering the subject's income restrictions, size, and the anticipated needs of the property and its tenants, qualified on-site staff will be required to ensure compliance with the subject's affordable housing regulatory agreements. The potential gross rent projections for the restricted valuation do not recognize any rental income for the employee units; therefore, no employee unit expense is included in the payroll/benefits expenses in the restricted valuation.

Giving primary weight to the subject's stabilized/post-renovation proforma, and giving supporting weight to the restricted expense comparables, payroll/benefits expenses for the restricted valuation are projected as follows.

Payroll/Benefits Expense - Restricted

	Comp 1	Comp 2	Comp 3		Restricted
	2022	2021	2021	Budget	Value
Total	–	–	–	\$66,800	\$66,650
% of EGI	23.9%	20.2%	19.0%	19.6%	19.6%
\$/Unit	\$1,509	\$1,667	\$1,597	\$1,553	\$1,550

Unrestricted Analysis: In the unrestricted valuation, the payroll/benefits expense includes all compensation and benefits for on-site staff, including any free or reduced rent for employee units. Market-rate properties typically have lower salary expenses than affordable housing properties due to the lower qualifications required for staff.

Based on the unrestricted expense comparables, payroll/benefits expenses for the unrestricted valuation is projected as follows.

Payroll/Benefits Expense - Unrestricted

	Comp 1 2021	Comp 2 2021	Comp 3 2020	Unrestricted Value
Total	–	–	–	\$34,400
% of EGI	6.2%	11.1%	7.6%	5.1%
\$/Unit	\$629	\$1,560	\$830	\$800

The payroll/benefits expenses projected for the subject are further detailed in the following table.

Payroll/Benefits Expense Detail

	Restricted Comparables			Unrestricted Comparables				Restricted	Unrestricted
	Comp 1	Comp 2	Comp 3	Comp 1	Comp 2	Comp 3	Budget	Projection	Projection
Office Salaries	\$400	\$741	\$974				\$400	\$388	\$200
Maintenance Salaries	\$700	\$679	\$462				\$560	\$543	\$280
Payroll Taxes & Benefits	\$409	\$247	\$162				\$593	\$620	\$320
Totals	\$1,509	\$1,667	\$1,597	\$629	\$1,560	\$830	\$1,553	\$1,550	\$800

Advertising/Marketing

This category includes costs of all advertising and promotional activities as well as leasing fees and referral fees.

Restricted Analysis: Due to extremely high demand for income-restricted units in the area, advertising/marketing expenses for affordable housing properties are typically nominal; however, some advertising/marketing expenses related to leasing costs are still expected.

Based on the proforma and comparable data, advertising/marketing expenses for the restricted valuation are projected as follows.

Advertising & Marketing Expense - Restricted

	Comp 1 2022	Comp 2 2021	Comp 3 2021	Budget	Restricted Value
Total	–	–	–	\$300	\$860
% of EGI	0.0%	–	1.1%	0.1%	0.3%
\$/Unit	\$2	–	\$89	\$7	\$20

Unrestricted Analysis: Market-rate properties typically have significantly higher advertising/expenses than affordable housing properties due to the higher marketing efforts required to keep these properties at stabilized occupancy (including website maintenance costs, marketing materials, advertising on online apartment listing websites, etc.).

Based on the unrestricted expense comparables, advertising/marketing expenses for the unrestricted valuation are projected as follows.

Advertising & Marketing Expense - Unrestricted				
	Comp 1 2021	Comp 2 2021	Comp 3 2020	Unrestricted Value
Total	–	–	–	\$2,150
% of EGI	–	1.2%	0.1%	0.3%
\$/Unit	–	\$171	\$8	\$50

General/Administrative

General and administrative expenses consist of general office expenses for onsite personnel, legal and accounting fees, license fees, and business taxes.

Restricted Analysis: In addition to the expenses noted above, general/administrative expenses affordable housing properties typically also include security, auditing, and regulatory compliance costs.

Giving primary weight to the subject's stabilized proforma, and giving supporting weight to the expense comparables, general/administrative expenses for the restricted valuation are projected as follows.

General/Administrative Expense - Restricted					
	Comp 1 2022	Comp 2 2021	Comp 3 2021	Budget	Restricted Value
Total	–	–	–	\$18,040	\$18,275
% of EGI	3.6%	4.4%	1.8%	5.3%	5.4%
\$/Unit	\$228	\$360	\$154	\$420	\$425

Unrestricted Analysis: Market-rate properties typically have lower general/administrative costs than affordable housing properties due to lower auditing and regulatory compliance costs. Based on the unrestricted expense comparables, general/administrative expenses for the unrestricted analysis are projected as follows.

General/Administrative Expense - Unrestricted				
	Comp 1 2021	Comp 2 2021	Comp 3 2020	Unrestricted Value
Total	–	–	–	\$6,450
% of EGI	2.0%	0.2%	0.9%	1.0%
\$/Unit	\$199	\$28	\$101	\$150

The general/administrative expenses projected for the subject are further detailed in the following table.

General/Administrative Expense Detail									
	Restricted Comparables			Unrestricted Comparables				Restricted	Unrestricted
	Comp 1	Comp 2	Comp 3	Comp 1	Comp 2	Comp 3	Budget	Projection	Projection
Legal	\$0	\$123	\$300				\$126	\$64	\$23
Accounting/Audit	\$67	\$185	\$300				\$0	\$64	\$23
Miscellaneous	\$161	\$52	\$0				\$294	\$298	\$105
Totals	\$228	\$360	\$600	\$199	\$28	\$101	\$420	\$425	\$150

Management

Management charges are typically a percentage of collected revenues and cover the supervision of rent collections, leasing, property maintenance, and bookkeeping, but exclude payroll and benefits costs of onsite personnel. Management fees for apartment properties often range from 2% to 6%; however, management fees can exceed these levels for higher-risk properties or properties with extremely low income restrictions.

Restricted Analysis: Due to the wide range of income characteristics (including differences in AMI and project-based subsidies) that skews the % of EGI indications indicated by the restricted expense comparables, management expenses in the restricted analysis are analyzed on a \$/unit basis.

Giving primary weight to the subject's stabilized proforma, and giving supporting weight to the expense comparables, management expenses for the restricted valuation are projected as follows.

Management Expense - Restricted					
	Comp 1	Comp 2	Comp 3		Restricted
	2022	2021	2021	Budget	Value
Total	–	–	–	\$20,500	\$21,500
% of EGI	9.5%	8.7%	10.4%	6.0%	6.3%
\$/Unit	\$600	\$720	\$874	\$477	\$500

Unrestricted Analysis: Market-rate properties typically have lower management fees than affordable housing properties due to significantly higher effective gross rents coupled with the lower management requirements for market-rate properties. For market-rate projects, we have estimated the management expense as a % of EGI. Based on the unrestricted expense comparables, management expenses for the unrestricted valuation are projected as follows.

Management Expense - Unrestricted				
	Comp 1	Comp 2	Comp 3	Unrestricted
	2021	2021	2020	Value
Total	–	–	–	\$20,239
% of EGI	0.9%	5.0%	5.1%	3.0%
\$/Unit	\$86	\$702	\$554	\$471

Tenant Services

This expense includes on-site social services that are typical for affordable housing properties and is unique to the needs of each affordable housing property.

Restricted Analysis: On-site tenant social services will be provided at the subject per CTCAC requirements. Giving most weight to the subject's proforma, annual tenant services expenses of \$12,000 is projected for the restricted valuation.

Unrestricted Analysis: Tenant services are not typically offered in market-rate apartment properties; therefore, no tenant services expense is recognized in the unrestricted valuation.

Replacement Reserves

Buyers in the local apartment market typically include replacement reserves in their income and expense proformas to reflect the cost of replacing short-lived items (such as appliances, carpet and vinyl floor coverings, window coverings), mechanical systems (such as hot water heaters and HVAC units), and short-lived building components (such as the roof and parking lot paving).

Replacement Reserves Per Unit

	PwC	RealtyRates.com
	1Q-22	4Q-22
	National	National
	Apartment	Apartment
Range	\$200 - \$700	\$165 - \$450
Average	\$307	\$418

Source: PwC Real Estate Investor Survey (updated Q1 annually), RealtyRates.com

Restricted Analysis: According to the financial feasibility requirements stipulated for tax credit properties in California Code of Regulations Title 4, Division 17, Chapter 1, the State of California requires annual minimum replacement reserve contributions of \$300/unit for existing acquisition/rehabilitation LIHTC properties and \$250/unit for new construction or senior LIHTC developments.

Replacement reserves for affordable housing properties are typically dictated by affordable housing funding program requirements. Giving most weight is given to the subject's proforma, replacement reserves of \$500 per unit is projected for the restricted valuation.

Unrestricted Analysis: The restricted replacement reserve projection differs from the replacement reserves projected by market participants for market-rate properties. In our unrestricted analysis, we have used a typical \$250/unit for replacement reserves.

Total Operating Expenses

Based on the prior operating expense analysis, total operating expenses for each valuation scenario are projected as follows.

Total Operating Expenses						
	Restricted Analysis			Unrestricted Analysis		
	Total Operating Expenses	Per Unit	% of EGI	Total Operating Expenses	Per Unit	% of EGI
IRR Projection	\$245,708	\$5,714	65.8%	\$256,583	\$5,967	36.4%
Developer Proforma	\$248,540	\$5,780	66.6%			
Expense Comparables		\$4,346 - \$5,592	63.1% - 68.7%		\$4,686 - \$6,468	43.1% - 52.1%

Our estimate of restricted expenses is slightly below the developer proforma. The proforma is slightly above the range of the comparables, with the most significant differences found in the insurance and repairs/maintenance categories. Our estimate of unrestricted expenses is bracketed by the expense comparable range.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income for each valuation scenario is estimated in the following tables.

Projection of Net Operating Income - Restricted		
	Annual	\$/Unit
INCOME		
Rental Income	\$356,712	\$8,296
Other Income	\$2,150	\$50
Potential Gross Income	\$358,862	\$8,346
Vacancy & Collection Loss	-\$17,943	-\$417
Effective Gross Income	\$340,919	\$7,928
EXPENSES		
Real Estate Taxes	\$648	\$15
Insurance	\$25,800	\$600
Utilities	\$47,300	\$1,100
Repairs/Maintenance	\$31,175	\$725
Payroll/Benefits	\$66,650	\$1,550
Advertising & Marketing	\$860	\$20
General/Administrative	\$18,275	\$425
Management	\$21,500	\$500
Tenant Services	\$12,000	\$279
Replacement Reserves	\$21,500	\$500
Total Expenses	\$245,708	\$5,714
NET OPERATING INCOME	\$95,211	\$2,214

Projection of Net Operating Income - Unrestricted

	Annual	\$/Unit
INCOME		
Rental Income	\$708,000	\$16,465
Other Income	\$2,150	\$50
Potential Gross Income	\$710,150	\$16,515
Vacancy & Collection Loss	-\$35,508	-\$826
Effective Gross Income	\$674,643	\$15,689
EXPENSES		
Real Estate Taxes	\$78,319	\$1,821
Insurance	\$25,800	\$600
Utilities	\$47,300	\$1,100
Repairs/Maintenance	\$31,175	\$725
Payroll/Benefits	\$34,400	\$800
Advertising & Marketing	\$2,150	\$50
General/Administrative	\$6,450	\$150
Management	\$20,239	\$471
Replacement Reserves	\$10,750	\$250
Total Expenses	\$256,583	\$5,967
NET OPERATING INCOME	\$418,060	\$9,722

Capitalization Rate Selection

A capitalization rate is used to convert a single year's estimated net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. The following methods are used to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys, interviews with market participants, and the band of investment method.

Our analysis estimates a benchmark capitalization rate based on a leased fee hypothetical unrestricted analysis assuming the subject is not encumbered by affordable housing restrictions and is hypothetically operating as a market-rate apartment property. At the end of the capitalization rate analysis, we will consider the subject's income restrictions.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables - Unrestricted								
No.	Property Name	City	Year Built	Sale Date	% Occup.	No. Units	Effective Price/Unit	Cap Rate
1	1333 W. Sycamore Street	Willows	1975	Dec-22	100%	46	\$94,565	7.45%
2	Kelly Apartments	Yuba City	1963	Dec-22	100%	26	\$119,679	5.15%
3	Sandpiper Cove	Yuba City	1973	Mar-22	100%	90	\$177,778	4.70%
4	Silverwood Estates	Chico	1989	Jul-22	100%	46	\$179,348	4.60%
5	Woodside Terrace	Chico	1985	Sep-21	100%	28	\$174,107	5.31%
6	Sutter Street	Red Bluff	1966	Aug-21	100%	36	\$116,667	6.08%
Indicated Cap Rate Range:							4.60% - 7.45%	
Average (Mean) Cap Rate:							5.55%	

The sale comparables indicate in-place capitalization rates ranging from 4.70% to 7.45% with an average of 5.55%. Sale 1 represents the upper end of the range and is a project with some deferred maintenance issues, which impacted the capitalization rate.

Market participants report the aggressive interest rate hikes by the Fed since March 2022 in response to historic levels of inflation are negatively impacting multifamily sector, particularly in recent months. Multifamily sales activity has slowed significantly and deals that were negotiated in early 2022 cannot not be replicated at the same terms today. Buyers are less motivated in the current market and are now seeking pricing discounts in their acquisitions. Multifamily brokers note sellers must manage their expectations in the current market; noting buyers are seeking price discounts of 5%-20% relative to transactions in early 2022, depending on location. While sellers are adjusting their expectations, most seller expectations are not yet in-line with buyers.

Based on the primary and secondary capitalization rate comparables and considering increasing capitalization rates in response to current macroeconomic conditions, an unrestricted capitalization rate near 6.00% is considered reasonable and well-supported for the subject.

CoStar Indications

Capitalization rate data reported by CoStar and presented in the market analysis earlier in this report is also considered. As of Q4-2022, CoStar reported an average capitalization rate of 5.47% for the Chico metro.

National Investor Surveys

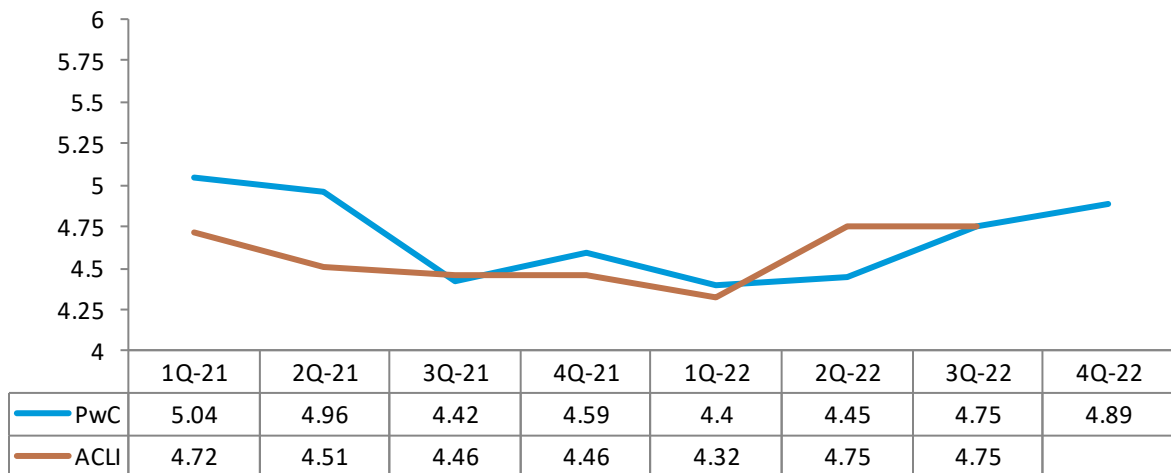
Capitalization rate data for investment grade properties, as reported by the PwC, ACLI, and Viewpoint surveys, are summarized as follows.

Capitalization Rate Surveys – Multifamily Properties

	IRR-ViewPoint National Urban Multifamily	IRR-ViewPoint National Suburban Multifamily	PwC 4Q-22 National Apartment	PwC 4Q-22 Pacific Region Apartment	ACLI 3Q-22 National Apartment
Range	3.50% - 6.50%	3.50% - 7.25%	3.25% – 8.00%	3.25% - 5.00%	NA
Average	4.85%	4.98%	4.89%	4.15%	4.55%

Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

Multifamily Capitalization Rate Trends



PwC- PwC Real Estate Investor Survey - National Apartment Market

ACLI - American Council of Life Insurers Investment Bulletin - Apartment Properties

The Q4-2022 PwC Real Estate Investor Survey includes the following observations regarding the national apartment market.

- *In the coming year, half of surveyed investors plan to hold apartment properties, followed by 12.0% that plan to build or redevelop them. "Required return metrics are moving outside investors' acceptable ranges," remarks a participant.*

- *Most investors indicate that rising interest rates will impact their investment activity a little in the year ahead.*
- *Although most investors view this market as fairly priced, they foresee cap rate increases in the near term. In fact, its average overall cap rate rises to 4.89% this quarter.*
- *All three regional apartment markets reveal increases in their overall cap rates this quarter. The Southeast and Mid-Atlantic regions have the largest increases at 30 and 28 basis points, respectively.*
- *At 4.15%, the average overall cap rate in the Pacific Region remains the lowest among the three regions surveyed.*
- *This quarter, the average outlook for market rent changes holds steady in the Mid-Atlantic and Pacific regions while it dips ten basis points in the Southeast region.*
- *Investors are reacting to rising interest rates in various ways. “We’re looking for low-leveraged deals and expect a moderate price discount to offset higher debt rates,” says an investor.*

Market Participant Interviews

The results of interviews with market participants active in the regional apartment market are summarized in the following table.

Market Participant Survey - Capitalization Rates		
Respondent	Interview Date	Comments
Dusty Haeling First Vice President Investments Marcus & Millichap	Jan-23	Sellers need to manage their expectations in the current market if they want to sell an asset, noting he has a Sacramento property on the market that the seller is listing for \$229,000/unit but has received several offers closer to \$200,000/unit. Capitalization rates at or above debt (5.25% or higher) is a reasonable expectation for most properties in the Sacramento region.
JaCi M. Wallace Team Leader/Associate RE/MAX Gold	Jan-23	There is strong demand for smaller multifamily properties with under 50 units, noting she sold an 18-unit multifamily property in Midtown Sacramento in October 2022 for an estate seller that received multiple offers within one week of listing because it was well-priced. There has been nominal impact on capitalization rates for smaller multifamily properties over the past 6 months due to the amount of capital in the market.
Matt Saro Senior Vice President Colliers	Jan-23	Investment broker working in Northern California predominately on multifamily transactions. There is continued demand for multifamily product in Sacramento, particularly in the Downtown/Midtown area, noting he sold a recently renovated 16-unit property in August 2022 and indicated it may sell at the same price in the current market (January 2023) due to demand. In Downtown/Midtown, capitalization rates are ranging from 4.50% to 5.00% for existing properties with some upside potential and 5.00% to 5.50% for fully renovated properties leased at market rents.
Tony Zizzo Sales Associate Compass	Dec-22	Although there are no transactions to reflect the trend as of yet, capitalization rates are expected to increase with ongoing interest rate hikes. The market will stagnate over the near-term as buyers and sellers wait until the impact of increasing interest rates becomes more clear. While there is a market for smaller properties due to demand from cash buyers, larger properties would not benefit from this buyer profile. However, there may still be interest in larger assets from institutional buyers.
John Hansen Financial Analyst Cushman & Wakefield Capital Markets, Multifamily	Nov-22	Has been involved with several multifamily transactions throughout Northern California and reports buyers in the market are making purchase decisions based on the increased cost of financing throughout 2022, specifically the second half of the year. Transactions in the past 12 months that were trading near 3.00% capitalization rates are now near 5.00%. Buyers are less motivated in the current market and are now seeking pricing discounts of 5%-20% relative to transactions earlier in 2022. At the same time, sellers are adjusting their expectations, but most seller expectations are not yet in-line with buyer expectations. Many investors are planning to hold off on transactions through year-end 2022 and re-evaluate. In terms of impact by asset-type, Class C properties are likely to see more pricing impacts; however, Class A assets are expected to see pricing impacts at a lower scale. Northern California is generally expected to fare better than some other areas of California or nation-wide, but impacts are expected to be felt across all locations and asset types.
Alex Tartaglia Senior Director Institutional Property Advisors	Nov-22	Capitalization rates for institutional-grade assets in the Bay Area have returned to the 4.00% range due to aggressive interest rate hikes implemented by the Federal Reserve. With fixed rate debt near 6.00%, activity has slowed significantly and deals that were negotiated earlier this year cannot not be replicated at the same terms today. San Francisco was hit hard operationally during the pandemic, resulting in further price impairment. Most multifamily investors are expected to hold if possible, opting instead to refinance, recapitalize, or seek loan extensions. Multifamily investors who are forced to sell will have to accept discounts. We are currently in a transitional market and the market is not expected to stabilize for at least 6 to 12 months. Lay-offs and hiring freezes in the technology sector are likely to spread to other sectors, which is expected to impact renter income.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors.

The range of capitalization rates indicated by the band of investment method, based on mortgage and equity data reported by RealtyRates.com, is shown in the following table.

Band of Investment - Apartments

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.72%	<u>Band of Investment Technique</u>				
Debt Coverage Ratio	1.00	Mortgage	90%	0.047354	0.042619	
Interest Rate	3.62%	<u>Equity</u>	<u>10%</u>	<u>0.048000</u>	<u>0.004800</u>	
Amortization	40.0	Indicated Capitalization Rate				4.74
Mortgage Constant	0.047354					
Loan-to-Value Ratio	90%					
Equity Dividend Rate	4.80%					
Maximum						
Spread Over 10-Year Treasury	4.98%	<u>Band of Investment Technique</u>				
Debt Coverage Ratio	1.86	Mortgage	55%	0.113848	0.062617	
Interest Rate	7.88%	<u>Equity</u>	<u>45%</u>	<u>0.139776</u>	<u>0.062899</u>	
Amortization	15.0	Indicated Capitalization Rate				12.55
Mortgage Constant	0.113848					
Loan-to-Value Ratio	55%					
Equity Dividend Rate	13.98%					
Average						
Spread Over 10-Year Treasury	2.88%	<u>Band of Investment Technique</u>				
Debt Coverage Ratio	1.43	Mortgage	73%	0.074112	0.054461	
Interest Rate	5.78%	<u>Equity</u>	<u>27%</u>	<u>0.098477</u>	<u>0.026111</u>	
Amortization	26	Indicated Capitalization Rate				8.06
Mortgage Constant	0.074112					
Loan-to-Value Ratio	73.5%					
Equity Dividend Rate	9.85%					

*3rd Quarter 2022 Data

Source: RealtyRates.com Investor Survey Q4 - 2022

Capitalization Rate Conclusions

Unrestricted Analysis: To conclude a capitalization rate, the following risk factors that may impact the subject's capitalization rate are considered.

Capitalization Rate Risk Factors			
Factor	Issues	Impact on Rate	Comments
Income Characteristics	Stability of occupancy, above/below market rents, rent control	↑	The potential gross rent projections utilized in the income approach reflect current market rents/maximum allowable restricted net rents which limits the subject's upside potential.
Competitive Market Position	Construction quality, market appeal, age/condition, functional utility	↔	The quality and appeal of the subject is consistent with competing properties
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↔	There is significant demand for multifamily housing in the metro and the subject submarket due to a region-wide undersupply of housing. Inventory of rental housing in the immediate Paradise area has been limited since the Camp Fire in 2018.
Market	Vacancy rates and trends; rental rate trends; supply and demand	↑	Overall macroeconomic conditions (historic levels of inflation, aggressive interest rate hikes by the Fed) are placing upward pressure on capitalization rates.
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↔	The proposed subject improvements reflect the highest and best use of the subject site.
Affordability Restrictions	Impact on capitalization rate from any rent restrictions at the property		See narrative below
Overall Impact		↑	

Based on the prior capitalization rate analysis, and considering the subject's new construction, unit mix and location, the capitalization rate data best supports an unrestricted capitalization rate of 6.00% for the subject.

Restricted Analysis: Affordable housing properties throughout the region report strong occupancy rates with lengthy wait lists, indicating there is significant pent-up demand for affordable housing in the area. As a result of this high demand, affordable housing properties experience lower turnover rates and more stable occupancy than similar market-rate properties.

However, potential increases in income for affordable housing properties are limited since rent increases for affordable housing is directly tied to changes in the county's median household income rather than supply and demand dynamics. Historically, this has resulted in affordable housing rents increasing at a lower rate than market-rate apartments. Further, the pool of investors for affordable housing properties is constrained by investors' experience in the ownership and operation of affordable housing properties as well as investor willingness to remain invested in the property on a long-term basis.

Based on extensive discussions with affordable housing market participants, sales prices for affordable housing properties are not based upon a price per unit or a multiplier analysis, but are instead based on the income stream as it correlates to the property's existing and/or proposed income restrictions, debt structure, and intangible assets (such as tax credit equity, beneficial bond financing, soft debt, deferred developer fees, etc.).

Aaron Moayed (Marcus & Millichap), a California multifamily broker with additional specialty in affordable housing, reports buyers of affordable housing properties typically place most of their emphasis on developer fees (for resyndication deals) rather than capitalization rates. Properties with contracts for project-based rent subsidies typically generate the highest demand and command the lowest capitalization rates (based on in-place income) since buyers anticipate increasing cash flow with the mark-to-market rent increases allowed by the subsidy contract.

Although we are able to extract capitalization rates from affordable housing sales from net operating incomes (in-place and proforma post-resyndication), these capitalization rates also reflect intangible assets that are factored into the purchase prices and expectation of return. Therefore, the affordable housing capitalization rates are not considered since they are skewed by intangible assets and are not based strictly on real estate values.

The following table summarizes capitalization rates for the restricted sales summarized earlier in the Sales Comparison Approach. Additional sales for which we had capitalization rate data has also been added.

Capitalization Rate Comparables - Restricted Sales

No.	Property Name	City	Sale Date	No. Units	Effective Price/Unit	NOI/Unit	Cap Rate
1	Inglewood Oaks	Stockton	Jun-21	64	\$126,563	\$7,252	5.73%
2	The Cascaes	Rancho Cordova	Apr-21	112	\$118,750	\$5,641	4.75%
3	Cedar Tree Phase I & II	Fresno	Mar-20	145	\$87,931	\$5,329	6.06%
4	Heritage Oaks	Woodland	Mar-20	120	\$122,500	\$7,350	6.00%
5	Dover Woods	Fairfield	Dec-19	200	\$168,000	\$7,997	4.76%
6	Heritage Plaza	Redding	Apr-19	59	\$185,085	\$11,586	6.26%
7	Vintage Tower	San Jose	10/21/2020	59	\$293,220	\$13,195	4.50%
8	Creekside Village	Sacramento	6/3/2020	296	\$103,041	\$4,956	4.84%
9	Natomas Park	Sacramento	8/1/2019	212	\$174,528	\$8,377	4.80%
Indicated Cap Rate Range:						4.50% - 6.26%	
Average (Mean) Cap Rate:						5.30%	

When intangible assets are not reflected in the capitalization rate, affordable housing market participants report that investors typically expect nominal difference between capitalization rates for affordable housing properties versus market-rate properties. Generally, the risk factors associated with affordable properties (limited rental rate increases, the limited pool of experienced investors) are typically offset by the positive attributes of affordable housing properties (availability of tax credit equity and other subsidies, lower turnover and more stable occupancy rates from significant pent-up tenant demand).

Therefore, we place most weight on the capitalization rates indicated by the unrestricted market rate sales in the restricted valuation since these transactions are in-line with affordable housing investor expectations and reflect only real estate assets.

Capitalization Rate Conclusions: Based on the prior analysis, the capitalization rate data and our capitalization rate conclusions are summarized in the following table.

Capitalization Rate Conclusions	
Method	Capitalization Rate Indication
Comparable Sales	Near 6.00%
CoStar Average	5.47% for Chico metro
National Investor Surveys	3.25% to 5.00% - Pacific Region
Market Participant Interviews	Upward pressure on capitalization rates due to current macroeconomic conditions
Band of Investment	4.74% to 12.55%; 8.06% average
Primary Weight	Comparable Sales
Secondary Weight	Market Participant Interviews
Conclusions	
Restricted Value	6.00%
Unrestricted Value	6.00%

Direct Capitalization Analysis

Based on the preceding analysis and the below-the-line adjustments discussed earlier in the cost approach earlier in this report, the values indicated by the income approach are as follows.

Direct Capitalization - Restricted

As If Stabilized

Effective Gross Income	\$340,919
Expenses	\$245,708
Net Operating Income	\$95,211
Capitalization Rate	6.00%
Indicated Value	\$1,586,854
Rounded	\$1,590,000

As If Complete

Stabilized Value Indication	\$1,586,854
Adjustments	
Lease-Up Costs	\$0
Total Adjustments	\$0
Indicated Value	\$1,586,854
Rounded	\$1,590,000

Direct Capitalization - Unrestricted

Effective Gross Income	\$674,643
Expenses	\$256,583
Net Operating Income	\$418,060
Capitalization Rate	6.00%
Indicated Value	\$6,967,660
Rounded	\$6,970,000

Prospective Market Valuation

At the request of the client, the prospective market values “upon completion” and “upon stabilization” are estimated for the restricted and unrestricted scenarios.

Construction is scheduled to commence in March 2023 and is expected to be complete in May 2024.

Therefore, the effective date of value for the “upon completion” prospective market values is concluded to be June 1, 2024. For the restricted valuation scenarios, we projected earlier in this report that 100% of the subject’s tenant units will be pre-leased by construction completion; therefore, the effective date of value for the restricted “upon stabilization” values is concluded to be June 1, 2024.

For the unrestricted stabilized analysis, we estimated a two-month lease-up period, which equates to a prospective stabilized date of August 1, 2024 for the unrestricted analysis.

General Apartment Market Trends

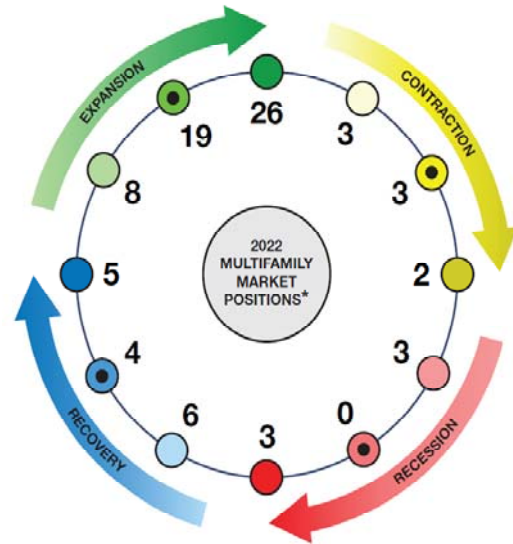
The Q4-2022 PwC Real Estate Investor Survey includes the following observations regarding the national apartment market.

- *In the coming year, half of surveyed investors plan to hold apartment properties, followed by 12.0% that plan to build or redevelop them. “Required return metrics are moving outside investors’ acceptable ranges,” remarks a participant.*
- *Most investors indicate that rising interest rates will impact their investment activity a little in the year ahead.*
- *Although most investors view this market as fairly priced, they fore seecap rate increases in the near term. In fact, its average overall cap rate rises to 4.89% this quarter.*
- *This market’s year-one market rent change increases from 3.83% to 3.89% this quarter, exceeding its five-year average of 2.36% and ten-year average of 2.59%*
- *All three regional apartment markets reveal increases in their overall cap rates this quarter. The Southeast and Mid-Atlantic regions have the largest increases at 30 and 28 basis points, respectively.*
- *At 4.15%, the average overall cap rate in the Pacific Region remains the lowest among the three regions surveyed.*
- *This quarter, the average outlook for market rent changes holds steady in the Mid-Atlantic and Pacific regions while it dips ten basis points in the Southeast region.*
- *Investors are reacting to rising interest rates in various ways. “We’re looking for low-leveraged deals and expect a moderate price discount to offset higher debt rates,” says an investor.*

PwC Real Estate Barometer - Multifamily

WEST REGION

MSA Name	2022	2023	2024	2025
Albuquerque	●	●	●	●
Colorado Springs	●	●	●	●
Denver	●	●	●	●
Las Vegas	●	●	●	●
Los Angeles	●	●	●	●
Oakland-East Bay	●	●	●	●
Orange County	●	●	●	●
Phoenix	●	●	●	●
Portland	●	●	●	●
Sacramento	●	●	●	●
Salt Lake City	●	●	●	●
San Bernardino	●	●	●	●
San Diego	●	●	●	●
San Francisco	●	●	●	●
San Jose	●	●	●	●
Seattle	●	●	●	●
Tacoma	●	●	●	●
Tucson	●	●	●	●
Ventura County	●	●	●	●



*Number of MSAs in position in 2022

Source: PwC Q4-22 Real Estate Investor Survey

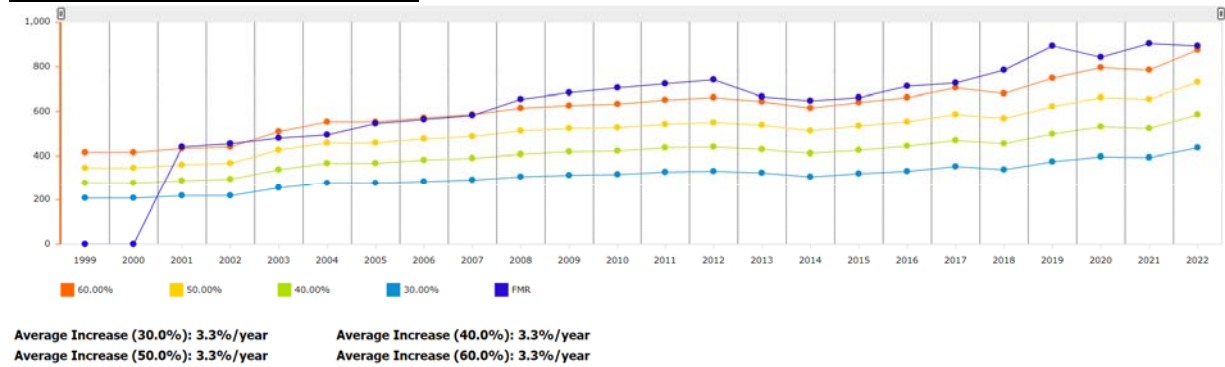
The aggressive interest rate hikes implemented by the Fed to cool inflation has resulted in sharp increases in the cost of capital over the course of 2022, leading to increases in capitalization rates and declines in apartment pricing. Recent interviews with brokers active in the Northern California apartment market note buyers are now seeking pricing discounts of 5%-20% relative to transactions earlier in 2022, depending on location.

Lay-offs and hiring freezes in the technology sector are likely to spread to other sectors, which is expected to impact renter income. The subject property is located in a rural area, which is less impacted by the technology sector layoffs. In addition, with the loss of multifamily units (and all sectors of real estate) in 2018 in Paradise due to the Camp Fire, the Paradise area is still in its rebuilding stage of its life cycle.

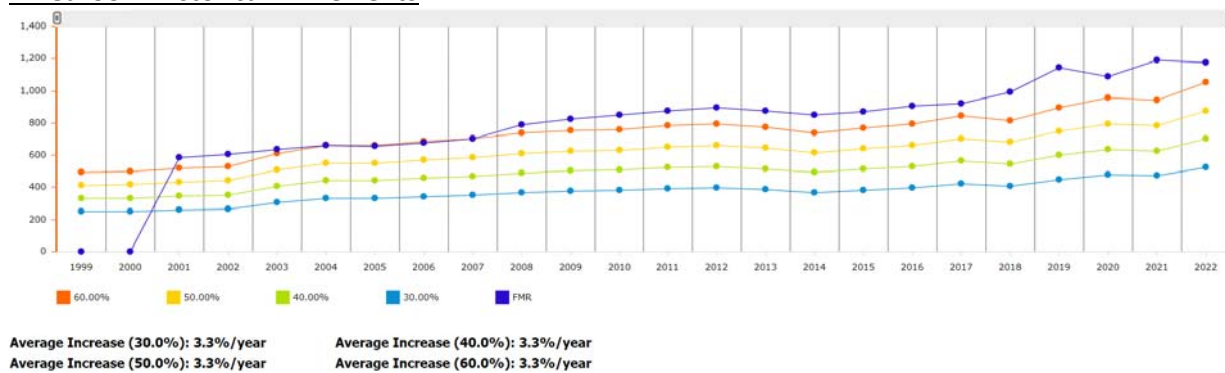
LIHTC Revenue Increase Projections

Historical trends for LIHTC maximum allowable rents for Butte County, as published by Novogradac, are summarized in the following charts.

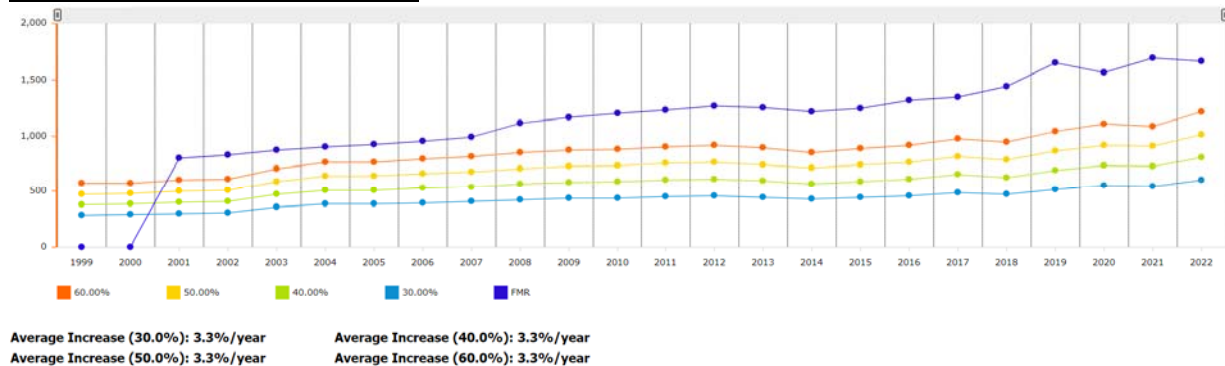
1-Bedroom Historical LIHTC Rents



2-Bedroom Historical LIHTC Rents



3-Bedroom Historical LIHTC Rents



Restricted rent in Butte County has increased an average of 3.3% per year since 1999. Therefore, we project average restricted rent and other income growth of 3.0% to 3.5% per year, which is in-line with LIHTC investor expectations and the developer's rent increase assumptions in the 15-year cash flow included in the subject's proforma for all revenue streams.

Expense Increase Projections

Investor apartment expense expectations as reported by the PwC and Viewpoint surveys are summarized in the following table.

Investor Surveys - Multifamily Properties				
	IRR-ViewPoint	IRR-ViewPoint	PwC	PwC
	National Urban	National Suburban	4Q-22	4Q-22
	Multifamily	Multifamily	National Apartment	Pacific Region Apartment
Expense Change				
Range	2.00% - 10.00%	2.00% - 10.00%	0.00% – 8.00%	2.00% - 4.00%
Average	3.68%	3.74%	3.42%	2.83%
Source: IRR-Viewpoint 2023, published by Integra Realty Resources; PwC Real Estate Investor Survey				
* Market Rent Change data from IRR-ViewPoint is provided by Moody's Analytics REIS				

Based on the investor survey apartment expense data (giving consideration to the PwC Pacific Region projection) as well as expense growth trends in the subject's area, we project expense growth in the range of 3.0% to 3.5% per year.

Capitalization Rate Projections

As discussed in the Macroeconomic Conditions section and in our interviews with market participants in the selection of capitalization rates, in the current market (early 2023) capitalization rates are experiencing increases from historical amounts based on inflation and interest rates spikes in the second half of 2022. Going forward to the prospective date of value, which is two years in the future, we cannot project significant changes from the current market.

Prospective Market Value Conclusions

The metro is currently a transitional market, which may be exacerbated should a recession occur. Northern California is generally expected to fare better than some other areas of California or nationwide, but market participants currently report the market is not expected to stabilize for at least 6 to 12 months.

If the actual timing of market stabilization and recovery are in-line current market participant expectations of market stabilization, future apartment price declines may be generally offset by the market's future recovery. The prospective value of the subject upon the date of stabilization is highly dependent on the duration and severity of the current apartment downturn as well as the timing and strength of recovery. These factors are currently unknown and future projections by CoStar or other data analytic firms that track the local apartment market are considered speculative.

Based on these considerations, no trending is recognized in the prospective market value analysis. Therefore, the prospective market values stabilization indications are concluded to be the same as the hypothetical market value "as if complete" and "as if stabilized" estimated earlier in this report.

Low Income Housing Tax Credit Valuation

The subject received a Reservation Letter from CTCAC dated September 28, 2022 awarding the subject \$1,470,917 in annual 9% federal tax credits that be distributed over a 10-year period. The value of the subject's tax credits is based on the extraordinary assumption that the final tax credits awarded to the subject will not substantially differ from the amount awarded in CTCAC's Preliminary Reservation Letter/indicated in the subject's tax credit equity letter of intent.

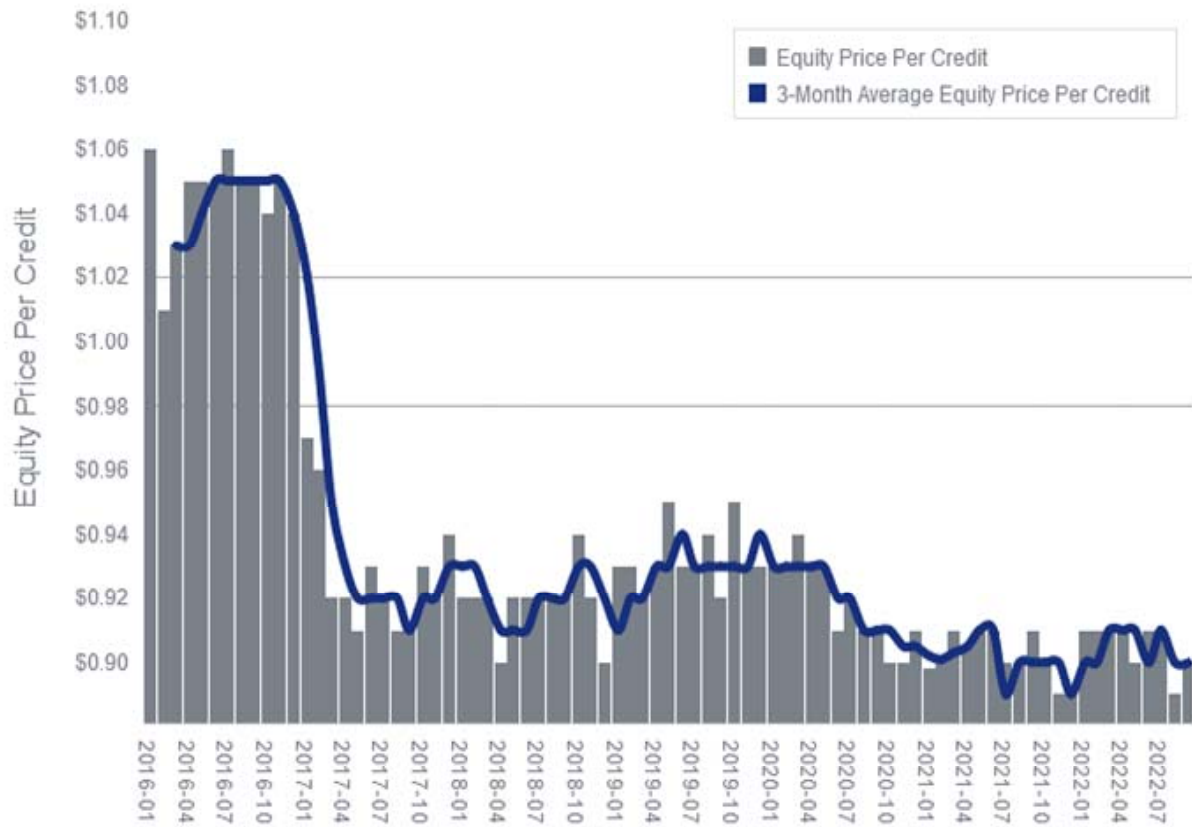
The table on the following page includes sales comparable data for 9% federal tax credits in California, as reported by CTCAC or by the tax credit Letters of Intent for each development.

9% Federal LIHTC Comparables

Property	City	Type	Staff Report or LOI Date	Purchase Price
The Hunter House	Stockton	New Construction	Jun-22	\$0.91260
Nugent Square	East Palo Alto	Acquisition/Rehabilitation	Jun-22	\$0.98035
Bellarmino Place	San Jose	New Construction	Jun-22	\$0.93491
Paseo Adelanto Mixed-Use PSH	San Juan Capistrano	New Construction	Jun-22	\$0.93991
Bi'du Khaale	Cloverdale	New Construction	Jun-22	\$0.80000
Escalante Meadows	Guadalupe	New Construction	Jun-22	\$0.87991
La Joya Commons	Firebaugh	Acquisition/Rehabilitation	Jun-22	\$0.90605
Citrus Gardens	Orange Cove	Acquisition/Rehabilitation	Jun-22	\$0.83896
Shell Beach Senior	Pismo Beach	New Construction	Jun-22	\$0.90371
Coloma Woods	Rancho Cordova	Acquisition/Rehabilitation	Jun-22	\$0.87000
Shirley Chisholm Village	San Francisco	New Construction	Jun-22	\$0.96774
Norwalk Veterans Housing	Norwalk	New Construction	Jun-22	\$0.89330
North 40 Market Hall Senior Housing	Los Gatos	New Construction	Jun-22	\$0.86051
Los Arroyos I	Farmersville	New Construction	Jun-22	\$0.86571
Red Tail Crossing	Los Angeles	New Construction	Jun-22	\$0.94106
Lincoln Avenue Senior Housing	Altadena	New Construction	Jun-22	\$0.86130
Bumgardner Village	Cloverdale	New Construction	Jun-22	\$0.94500
Alvarado Kent	Los Angeles	New Construction	Jun-22	\$0.90000
Greenbriar Village	Oceanside	New Construction	Jun-22	\$0.89991
Park Villa	El Cajon	Acquisition/Rehabilitation	Jun-22	\$0.88500
Miramar Gold	Los Angeles	New Construction	Jun-22	\$0.93000
1482 Freedom	Watsonville	New Construction	Dec-21	\$0.98000
Siskiyou Crossroads	Yreka	New Construction	Nov-21	\$0.91050
North Creek Crossings at Meriam Park Phase 2	Chico	New Construction	Oct-21	\$0.87000
Napa Cove	American Canyon	New Construction	Oct-21	\$0.88000
Burney Commons	Burney	New Construction	Oct-21	\$0.85750
Live Oak Redding	Redding	New Construction	Oct-21	\$0.85000
Indicated Tax Credit Price Range:				\$0.80 - \$0.98
Average Tax Credit Price:				\$0.90

Historical average pricing for Federal tax credits (both 4% and 9% tax credits combined) is illustrated in the following graph, as published by Novogradac.

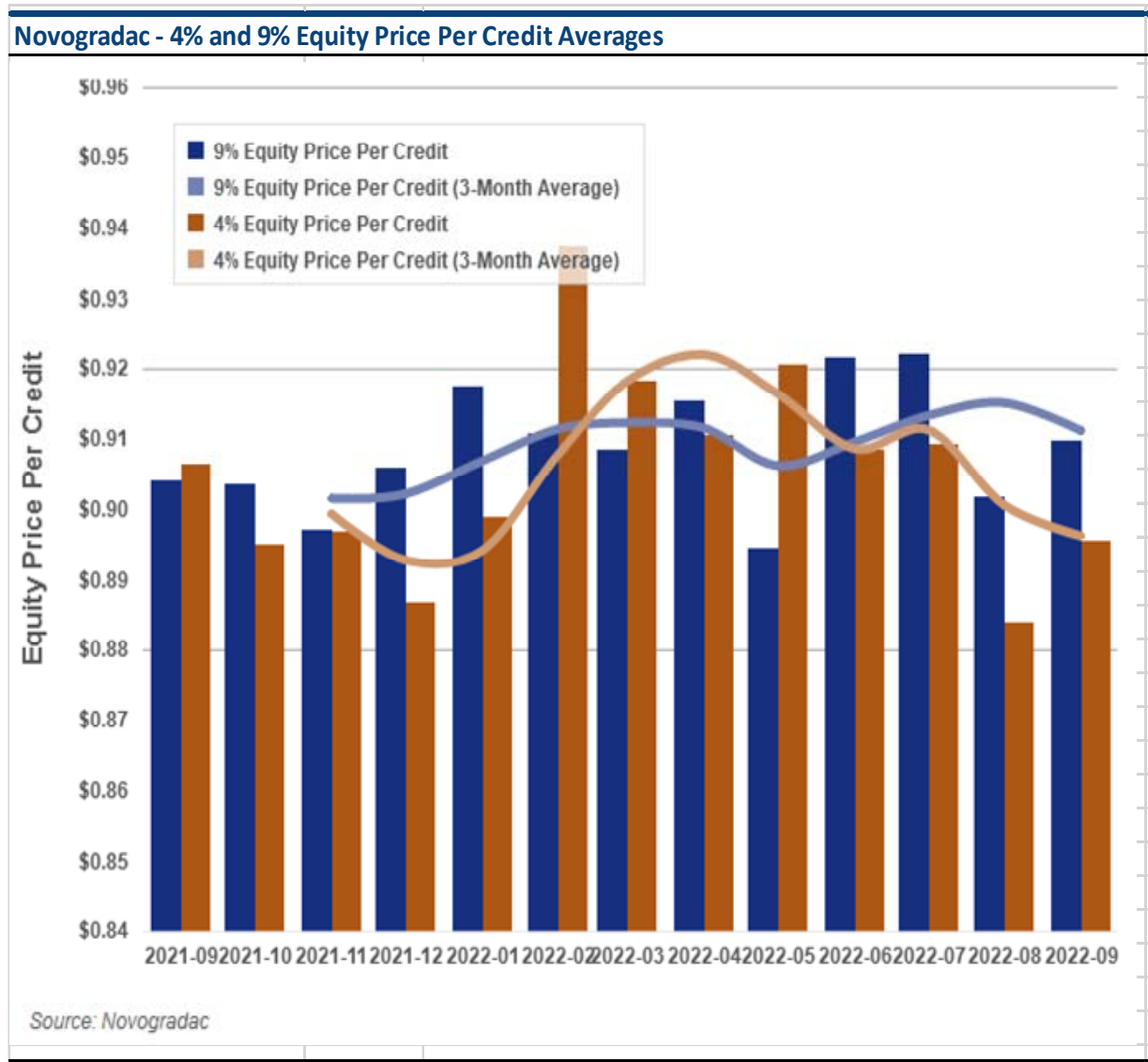
Novogradac - Federal Tax Credit Pricing (4% & 9% Average)



Disclaimer: This low-income housing tax credit equity pricing chart is presented for general information purposes only. Per credit equity pricing is based on syndicator Letter of Intent (LOI) pricing provided to Novogradac by market participants. The equity price reported for each month is the average equity price for LOI pricing data issued in that month. No adjustments to equity pricing are made for timing of capital contributions or other considerations. Data is rounded to the nearest cent.

Source: Novogradac

Historical average pricing for Federal tax credits for 4% and 9% tax credits since September 2021 is further illustrated in the following graphs, as published by Novogradac.



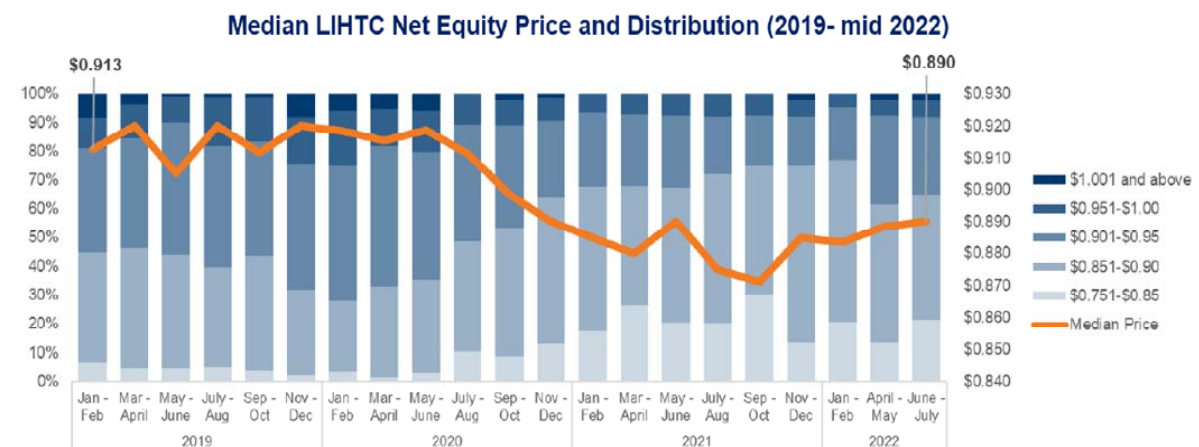
Tax credit prices for multi-investor LIHTC funds, as reported in the Housing Tax Credit Monitor published by CohnReznick, are summarized in the following table.

Tax Credit Prices - Multi-Investor LIHTC Funds

Fund Name	Geographic Focus	Sponsor	Net Equity Price
ATCF 114	National	Alliant Capital	\$0.94 - \$0.97
ITC 58	National	Boston Financial	\$0.83 - \$0.95
MCC Community Equity Fund 2	National	Marble Cliff Capital	\$0.82 - \$0.92
MCC Community Equity Fund 3	National	Marble Cliff Capital	\$0.84 - \$0.90
Tax Credit Equity Fund 14	National	Merchants Capital	\$0.88
Tax Credit Equity Fund 15	National	Merchants Capital	\$0.895
RBC National Fund 34	National	RBC Community Investments	\$0.889 - \$0.975
Corporate Partners Fund 58	National	Regions Affordable Housing	\$0.86 - \$0.89
Institutional Tax Credit Fund 54	National	WNC	\$0.866
Cinnaire Fund 38	Midwest	Cinnaire	\$0.82
MHEG Fund 56 LP	Midwest	Midwest Housing Equity Group	\$0.84 - \$0.86
Ohio Equity Fund 32B	Ohio & Surrounding States	OCCH	\$0.884
Fund X California Series 20 LP	CA	WNC	\$0.84 - \$0.8900
Indicated Tax Credit Price Range:			\$0.82 - \$0.98

Source: Housing Tax Credit Monitor - December 2022, published by Cohn Reznick

Median LIHTC Net Equity Price and Distribution (2019 to Mid-2022)



Source: Housing Tax Credit Monitor - August 2022, published by Cohn Reznick (most recent net equity price history chart available)

The December 2022 Housing Tax Credit Monitor published by CohnReznick notes the following trends in the tax credit market:

- On an equity-weighted basis and taking into consideration tiered pricing, participants in [CohnReznick's] latest survey, as of October/November 2022, reported a 5.66% blended IRR among the national multi-investor funds currently offered. In [CohnReznick's] latest survey, the median reported housing credit price on a net, property-basis was \$0.891 across 132 properties in the last 60 days, which is similar to the previous survey result.

- *The current national multi-investor fund listings are more numerous than ever. Closing volume is also notable, with more than \$2.6 billion of fund equity slated to close prior to year-end 2022. To put that in perspective, the funds slated to close in November and December of 2022 are equal to approximately 17% of the total 2021 total industry-wide syndicated equity volume.*

A letter of intent for the purchase of the tax credits was requested, but not provided. The CTCAC application included a "Terms of Syndication" indicating that Boston Financial is interested in purchasing the tax credits based on \$0.8199 per federal tax credit dollar. The most recent proforma indicates a purchase price of \$0.86 per tax credit dollar. The proforma amount is reflective of current market conditions and is given weight in our analysis.

Giving weight to the subject's equity letter of intent and the low income housing tax credit sale comparables, we estimate the value of the subject's low income housing tax credits as follows.

Investment Value - Low Income Housing Tax Credits

	Federal 9%
Value of Tax Credits - 100% Interest	
Awarded Annual Credits	\$1,470,917
Remaining Distribution Period (Yrs)	10
Total Awarded Credits	\$14,709,170
Concluded Value per \$1 of Credits	\$0.8600
Indicated Value	\$12,649,886
Total Indicated Value	\$12,649,886
Rounded	\$12,650,000
Value of Tax Credits - 99.99% Interest	
Total Awarded Credits	\$14,709,170
Ownership's 99.99% Interest	\$14,707,699
Concluded Value per \$1 of Credits	\$0.86
Indicated Value	\$12,648,621
Total Indicated Value	\$12,648,621
Rounded	\$12,650,000

Beneficial Financing Valuation

The subject will receive permanent tax-exempt financing from Key Bank with an estimated amount of \$1,100,000 per the January 30, 2023 proforma provided. This loan will have a 40-year term with an amortization period of 40 years. The interest rate for the loan is estimated at 6.00%.

To determine the value of the subject's financing, we consider current interest rates for typical loans for market-rate properties.

Lender Survey

Lending Source	Loan Amount	Term	Max LTV	Min DSC	Amort	Interest Rate
BMC Capital	\$1,000,000 - \$7,500,000	10	80%	-	30	5.45% - 6.15%
BMC Capital	\$1,000,000 - \$7,500,000	30	80%	-	30	5.75% - 6.75%
BMC Capital	\$7,500,000+	10	80%	-	30	5.45% - 6.25%
BMC Capital	\$7,500,000+	30	80%	-	30	5.65% - 6.75%
NorthMarq - Freddie Mac	-	15	65%	1.35	-	5.15% - 5.45%
NorthMarq - Fannie Mae	-	15	65%	1.35	-	5.25% - 5.75%
NorthMarq - Life Companies	-	15 - 20	65% - 75%	-	15 - 20	5.25% - 5.55%
Select Commercial Funding LLC	\$6,000,000+	-	80%	-	-	4.65%
Select Commercial Funding LLC	Less than \$6,000,000	-	80%	-	-	4.65%

Source: Lender Survey, January 2023

Permanent Financing Mortgage Matrix - Apartments

	Minimum	Maximum	Average
Spread Over Base**	0.72%	4.98%	2.88%
Interest Rate	3.62%	7.88%	5.78%
Debt Coverage Ratio	1.00	1.86	1.43
Loan-to-Value Ratio	55%	90%	73%
Amortization (Yrs.)	15	40	26
Term (Yrs.)	3	40	20.50

*3rd Quarter 2022 Data

**10-Year Treasury

Source: RealtyRates.com

Based on current interest rates for typical loans for market rate apartment properties, the subject's permanent financing is not considered favorable. Therefore, the value of the subject's financing is concluded to be \$0.

Reconciliation and Conclusion of Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications					
Appraisal Premise	Interest Appraised	Cost Approach	Sales Comparison Approach	Income Approach	Value Conclusion
Market Value As Is	Leased Fee	Not Used	\$770,000	Not Used	\$770,000
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	\$1,590,000	\$1,500,000	\$1,590,000	\$1,590,000
Prospective Market Value, Upon Completion, Restricted Rents	Leased Fee	\$1,590,000	\$1,500,000	\$1,590,000	\$1,590,000
Prospective Market Value, Upon Stabilization, Restricted Rents	Leased Fee	\$1,590,000	\$1,500,000	\$1,590,000	\$1,590,000
Hypothetical Market Value, As If Stabilized, Market Rents	Leased Fee	\$6,970,000	\$6,880,000	\$6,970,000	\$6,970,000
Prospective Market Value, Upon Stabilization, Market Rents	Leased Fee	\$6,970,000	\$6,880,000	\$6,970,000	\$6,970,000
Value of Tax Credits	-		\$12,650,000		\$12,650,000
Value of Favorable Financing	-				\$0
Insurable Replacement Cost	-	\$15,280,000	Not Used	Not Used	\$15,280,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation.

The subject represents proposed construction, and there is a relatively active market for land. As a result, the cost approach is applicable to the subject and is applied in our analysis. Nonetheless, it does not directly reflect market behavior, and is given secondary weight.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

The analysis and adjustment of the sales provides a reasonably narrow range of value indications. Nonetheless, it does not directly account for the income characteristics of the subject. Therefore, this approach is given secondary weight.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return.

A non-profit investor is the most likely purchaser of the appraised property, who would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

Final Opinions of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinions of value are as follows:

Value Conclusions			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	February 6, 2023	\$770,000
Hypothetical Market Value, As If Stabilized, Restricted Rents	Leased Fee	February 6, 2023	\$1,590,000
Prospective Market Value, Upon Completion, Restricted Rents	Leased Fee	June 1, 2024	\$1,590,000
Prospective Market Value, Upon Stabilization, Restricted Rents	Leased Fee	June 1, 2024	\$1,590,000
Hypothetical Market Value, As If Stabilized, Market Rents	Leased Fee	February 6, 2023	\$6,970,000
Prospective Market Value, Upon Stabilization, Market Rents	Leased Fee	August 1, 2024	\$6,970,000
Value of Tax Credits	-	February 6, 2023	\$12,650,000
Value of Favorable Financing	-	February 6, 2023	\$0
Insurable Replacement Cost	-	February 6, 2023	\$15,280,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The complete and stabilized values of the subject assume the proposed improvements are completed in a good, workman-like manner according to the plans provided to our office.
2. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the final terms of the subject's proposed regulatory and subsidy agreements will not substantially differ from the information provided by the developer.
3. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will continue to be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.
4. The value of the subject's tax credits is based on the extraordinary assumption that the final tax credits awarded to the subject will not substantially differ from the amount awarded in CTCAC's Preliminary Reservation Letter.
5. The subject will be encumbered by various legal agreements restricting the improvements to affordable housing use. Subordination and transfer restrictions are typically included with these use restrictions. These agreements are legal in nature and full legal interpretation of these agreements is beyond the appraisers' scope of expertise. The values contained in this report are based on the extraordinary assumption that there are no terms contained within these agreements that would significantly impact our value conclusions.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The hypothetical market values of the subject "as if stabilized" are based on the hypothetical condition that all construction was complete and the subject was operating at stabilized occupancy as of the effective date of value.
2. The hypothetical market-rate values are based on the hypothetical condition that the subject will not be encumbered by affordable housing restrictions and can operate the subject as an unrestricted market-rate property with the subject units leased at market-rate rents.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal.

There is significant demand for affordable housing properties throughout California due to an undersupply of housing throughout the state; however, sales of affordable housing properties are rare on the open market. Most transfers of ownership for affordable housing properties consist of transfers of LIHTC properties for acquisition/rehabilitation, when a LIHTC property is resyndicated with a transfer between related entities and new tax credits are awarded for renovation.

Based on our interviews with market participants and brokers active in the affordable housing market, affordable housing properties that are sold on the open market are typically listed with via a bid process with no asking price and exposure times can vary from 3 to 6 months depending on the nature of the bid process (i.e. one-round bid versus two-round bid). Based on these considerations, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously 3-6 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value.

As discussed earlier in this report, drastic increases in interest rates have slowed sales activity substantially; therefore, it is our opinion that a reasonable marketing period for the subject is likely to be longer than the exposure time. Accordingly, we estimate the subject's marketing period at 6-9 months. Our estimate is supported by the following national investor survey data.

Multifamily Average Marketing Time (Months)				
	IRR-ViewPoint National Urban Multifamily	IRR-ViewPoint National Suburban Multifamily	PwC 4Q-22 National Apartment	PwC 4Q-22 Pacific Region Apartment
Range	0.00 - 12.00	0.00 - 12.00	1 – 12	1 - 9
Average	4.89	5.0	4.6	4.2
Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey				

Replacement Cost for Insurance Purposes

An estimate of the replacement cost for insurance purposes, based on the calculator method of the developer costs and LIHTC construction costs comparables in the Cost Approach section. We are not experts in estimating replacement costs for insurance purposes. We recommend the engagement of an appropriately qualified professional if a definitive estimate of insurable replacement cost is required.

Estimate of Replacement Cost for Insurance Purposes

Replacement Cost New - Building Improvements

		<i>Cost New</i>
Total Developer Costs		\$20,253,621
Less: Indirect Costs		-\$2,773,701
Less: Profit		-\$2,200,000
Subtotal - Building Improvements		\$15,279,920
Less: Insurance Exclusions		
Total Exclusions	0.0%	\$0
Insurable Replacement Cost		\$15,279,920
Rounded:		\$15,280,000

Certification

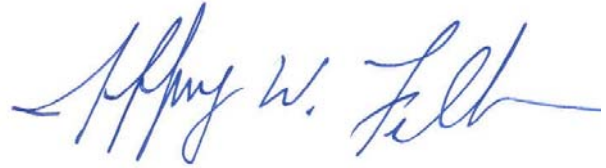
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Krista Castro made a personal inspection of the property that is the subject of this report. Jeffrey Fillmore, MAI has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Jeffrey Fillmore, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Krista Castro has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Krista Castro
California Certified General Real Estate Appraiser
#AG029797



Jeffrey Fillmore, MAI
California Certified General Real Estate Appraiser
#AG004481

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Sacramento, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. IRR - Sacramento is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Sacramento. In addition, it is expressly agreed that in any

- action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR - Sacramento is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The complete and stabilized values of the subject assume the proposed improvements are completed in a good, workman-like manner according to the plans provided to our office.
2. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the final terms of the subject's proposed regulatory and subsidy agreements will not substantially differ from the information provided by the developer.
3. The restricted values of the proposed subject improvements are based on the extraordinary assumption that the subject will be owned by a non-profit entity and will continue to be eligible for a 100% welfare tax exemption from ad valorem real estate taxes upon completion.
4. The value of the subject's tax credits is based on the extraordinary assumption that the final tax credits awarded to the subject will not substantially differ from the amount awarded in CTCAC's Preliminary Reservation Letter.
5. The subject will be encumbered by various legal agreements restricting the improvements to affordable housing use. Subordination and transfer restrictions are typically included with these use restrictions. These agreements are legal in nature and full legal interpretation of these agreements is beyond the appraisers' scope of expertise. The values contained in this report are based on the extraordinary assumption that there are no terms contained within these agreements that would significantly impact our value conclusions.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The hypothetical market values of the subject "as if stabilized" are based on the hypothetical condition that all construction was complete and the subject was operating at stabilized occupancy as of the effective date of value.
2. The hypothetical market-rate values are based on the hypothetical condition that the subject will not be encumbered by affordable housing restrictions and can operate the subject as an unrestricted market-rate property with the subject units leased at market-rate rents.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jeffrey Fillmore, MAI

Experience

Mr. Fillmore is a licensed Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. Jeff began appraising in 1986 after graduating with a B.S. in Business from Brigham Young University. He was a Commercial Appraiser with David J. Morrison, Inc. until 1996 when he became a partner with Morrison-Fillmore and Associates, which in 1998 became The Fillmore Group. His experience includes a broad range of property types including commercial, industrial and residential properties. He has extensive experience in appraising special purpose properties such as hotels, restaurants, commercial laundry facilities, cold storage facilities and government aided senior and affordable housing projects. Jeff also has been engaged as an expert witness and regularly provides appraisal review services for a number of lender-clients. He also served as the Chair of the South Branch of the Northern California Chapter of the Appraisal Institute and the Chair of the Associates' Guidance - General Committee. Mr. Fillmore is currently the Senior Managing Director of Integra Realty Resources – San Francisco and Managing Director of Integra Realty Resources - Sacramento.

Licenses

California, Certified General Real Estate Appraiser, AG004481, Expires May 2024

Education

Academic:

Brigham Young University, Provo, Utah

Degree: Bachelor of Science in Business Management

Courses Included: Real Estate Financing and Appraisal

Appraisal Courses:

Appraisal Institute - The Appraiser's Complete Review

Appraisal Institute - Understanding Limited Appraisal Seminar

Appraisal Institute - Course 2-2 - Report Writing

Appraisal Institute - Course 2-1 - Case Studies Appraisal Institute - Course 530 - Advanced Sales Comparison & Cost Approach

AIREA - Course 1A2 - Valuation Procedures

AIREA - Course 1B2 - Capitalization (Part B)

AIREA - Course 1B1 - Capitalization (Part A)

AIREA - Course 1A1 - Residential Valuation

AIREA - Standards of Professional Practice

AIREA - Non-Residential Demonstration Report Writing

SREA - Course 101, Residential Property Analysis

SREA - Apartment Valuation Seminar

Brigham Young University, Real Estate Appraisal and Capitalization Techniques and Theory

Past Chair:

South Branch, San Francisco Bay Area Chapter of the Appraisal Institute

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Jeffrey W. Fillmore

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 004481

Effective Date: May 25, 2022
Date Expires: May 24, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3064948

Krista Castro

Experience

Krista Castro is a licensed Certified General real estate appraiser and Senior Analyst at Integra Realty Resources – San Francisco, a real estate firm that engages a wide variety of real estate valuation and consultation assignments. She began her real estate appraisal career in 1998. Over the course of her career, Mrs. Castro has developed the expertise and background necessary to handle complex assignments throughout California and Nevada. She is recently expanded her licenses and work into Oregon and Washington with a West Coast regional coverage area. Her assignments have included appraisal reports, restricted appraisal reports and market and rent studies. Mrs. Castro's expertise has been used by clients for lending, litigation support, asset allocation, due diligence, tax appeals, trust and estate proceedings. Experience includes appraisal and consulting assignments for a wide variety of property types in the real estate. Mrs. Castro has extensive experience in multifamily properties including affordable housing including LIHTC, HUD, USDA and local agency rent restrictions. In addition, she has experience in a wide variety of commercial property valuation with respect to retail, office, industrial research and development and mixed-use properties. Interests appraised include fee simple, leased fee and leasehold.

Licenses

California, California Certified General Real Estate Appraiser, AG029797, Expires December 2024

Oregon, Certified General, C001402, Expires June 2023

Washington, Certified General, 2010614, Expires June 2023

Nevada, Certified General, A.0207807-CG, Expires November 2024

Education

Academic:

Bachelor of Science Degree in Managerial Economics - University of California, Davis

Appraisal Courses:

Uniform Standards of Professional Appraisal Practice

Business Practices and Ethics

Basic Income Capitalization

Advanced Sales Comparison & Cost Approaches

Real Estate Finance, Value, and Investment Performance

Solving Land Valuation Puzzles

Data Verification Methods

Appraising the Appraisal: Appraisal Review – General

Supervisor-Trainee Course for California

California Laws and Regulations

Nevada Laws and Regulations

Integra Realty Resources - San Francisco

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San Jose, CA 95126

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Krista C. Castro

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 029797

Effective Date: December 13, 2022
Date Expires: December 12, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3068308

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

Amenity

A tangible or intangible benefit of real estate that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Class of Apartment Property

For the purposes of comparison, apartment properties are grouped into three classes: Class A, B and C. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Source: Integra Realty Resources)

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project through to completion.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An

entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Surplus Land: Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

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

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities. *(Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])*

Multifamily Classifications

Garden/Low Rise Apartments: A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. *(Source: Appraisal Institute)*

Mid/High-Rise Apartment Building: A multifamily building with four or more stories, typically elevator-served. *(Source: Appraisal Institute)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. *(Source: Income/Expense Analysis, 2016 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income

1. An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy.
2. The forecast of the subject property's yearly average income (or average-equivalent income) expected for the economic life of the subject property.
3. Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy

1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.

2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Addendum C

Financials and Property Information

Eaglepointe Apartments

A 43-Unit Workforce Housing Community

Paradise, CA

Financial Pro Forma

Rev. 01.30.2023

Prepared By:

Caleb Roope
Pacific West Communities, Inc.
430 East State Street, Suite 100
Eagle, ID 83616

208.461.0022 x 3015
208.461.3267 fax
calebr@tpchousing.com

DEVELOPMENT BUDGET

Eaglepointe Apartments

Paradise, CA

	Project Costs	Cost Per Unit	Cost Per Res. Sq. Ft.	Tax Credit Eligible Basis
Total Land Costs	\$ 885,000	\$ 20,581	\$ 22.25	XXXXXXXXXX
Total Acquisition Costs	\$ -	\$ -	\$ -	\$ -
New Construction and/or Rehabilitation				
Off-Site Work	\$ -	\$ -	\$ -	\$ -
Prevailing Wages	\$ -	\$ -	\$ -	\$ -
On Site Work	\$ 1,680,000	\$ 39,070	\$ 42.24	\$ 1,680,000
Structures	\$ 11,048,000	\$ 256,930	\$ 277.76	\$ 11,048,000
General Requirements	\$ 763,680	\$ 17,760	\$ 19.20	\$ 763,680
Contractor Overhead	\$ 254,560	\$ 5,920	\$ 6.40	\$ 254,560
Contractor Profit	\$ 763,680	\$ 17,760	\$ 19.20	\$ 763,680
Construction Contingency	\$ 730,000	\$ 16,977	\$ 18.35	\$ 730,000
Total Construction Costs	\$ 15,239,920	\$ 354,417	\$ 383.15	\$ 15,239,920
Financing Costs				
Construction Loan Interest	\$ 360,000	\$ 8,372	\$ 9.05	\$ 360,000
Construction Loan Fee	\$ 90,000	\$ 2,093	\$ 2.26	\$ 90,000
Construction Lender Costs (Legal, Etc.)	\$ 80,000	\$ 1,860	\$ 2.01	\$ 80,000
Bond Issuer & Trustee Fees	\$ -	\$ -	\$ -	\$ -
Permanent Loan Fees	\$ -	\$ -	\$ -	XXXXXXXXXX
Permanent Loan Costs	\$ 15,000	\$ 349	\$ 0.38	XXXXXXXXXX
Tax Credit Fees	\$ 78,057	\$ 1,815	\$ 1.96	XXXXXXXXXX
Bond Counsel	\$ -	\$ -	\$ -	XXXXXXXXXX
Financial Advisor	\$ -	\$ -	\$ -	XXXXXXXXXX
Total Financing Costs	\$ 623,057	\$ 14,490	\$ 15.66	\$ 530,000
Soft Costs				
Architectural	\$ 400,000	\$ 9,302	\$ 10.06	\$ 400,000
Engineering/Surveying/Environmental	\$ 200,000	\$ 4,651	\$ 5.03	\$ 200,000
Taxes During Construction	\$ 10,000	\$ 233	\$ 0.25	\$ 10,000
Insurance	\$ 381,000	\$ 8,860	\$ 9.58	\$ 381,000
Title & Recording	\$ 50,000	\$ 1,163	\$ 1.26	\$ 50,000
Borrower Attorney	\$ 75,000	\$ 1,744	\$ 1.89	\$ 75,000
Appraisal	\$ 10,000	\$ 233	\$ 0.25	\$ 10,000
Local Tap, Building Permit, & Impact Fees	\$ 412,955	\$ 9,604	\$ 10.38	\$ 412,955
Marketing	\$ 66,398	\$ 1,544	\$ 1.67	XXXXXXXXXX
Relocation Costs	\$ -	\$ -	\$ -	XXXXXXXXXX
Furnishings	\$ 40,000	\$ 930	\$ 1.01	\$ 40,000
Cost Certification	\$ 10,000	\$ 233	\$ 0.25	\$ 10,000
Market Study	\$ 10,000	\$ 233	\$ 0.25	\$ 10,000
Soft Cost Contingency	\$ 380,000	\$ 8,837	\$ 9.55	\$ 380,000
Developer Overhead & Profit	\$ 2,200,000	\$ 51,163	\$ 55.31	\$ 2,200,000
Consultant Fee	\$ -	\$ -	\$ -	\$ -
Total Soft Costs	\$ 4,245,353	\$ 98,729	\$ 106.73	\$ 4,178,955
Reserves				
Rent Reserve	\$ 65,000	\$ 1,512	\$ 1.63	XXXXXXXXXX
Operating Reserve (3 Months)	\$ 80,291	\$ 1,867	\$ 2.02	XXXXXXXXXX
Total Reserve Costs	\$ 145,291	\$ 3,379	\$ 3.65	XXXXXXXXXX
Totals	\$ 21,138,621	\$ 491,596	\$ 531.45	\$ 19,948,875

CONSTRUCTION COST BREAKDOWN*Eaglepointe Apartments**Paradise, CA**Rev. 6/25/22*

TRADE ITEM #	DESCRIPTION	PER SQ. FT.	PER UNIT	BUDGETED AMOUNT	TOTALS
SITE					
1	Earth Work	10.81	10,000	430,000	
2	Site Utilities - Wet	13.51	12,500	537,500	
3	Site Utilities - Dry	2.97	2,750	118,250	
4	Site Concrete	4.32	4,000	172,000	
5	Roads & Parking	10.62	9,820	422,250	1,680,000
BUILDING					
6	Building - Concrete	16.22	15,000	645,000	
7	Rough Carpentry	72.50	67,063	2,883,700	
8	Siding	15.00	13,874	596,600	
9	Stucco	-	-	-	
10	Finish Carpentry	5.62	5,202	223,700	
11	Insulation	2.69	2,486	106,900	
12	Roofing	4.75	4,393	188,900	
13	Sheet Metal / Stairs	6.29	5,814	250,000	
14	Doors & Hardware	9.46	8,750	376,250	
15	Windows	4.75	4,393	188,900	
16	Mirrors	0.37	347	14,900	
17	Drywall	19.37	17,921	770,600	
18	Gypcrete/Underlayment	1.00	926	39,800	
19	Painting/Decoration	4.37	4,047	174,000	
20	Specialties	3.13	2,891	124,300	
21	Cabinets	4.37	4,047	174,000	
22	Countertops	3.38	3,125	134,375	
23	Appliances	2.70	2,500	107,500	
24	Blinds and Shades	0.63	579	24,900	
25	Floor Covering	4.87	4,509	193,900	
26	Special Construction	12.97	12,000	516,000	
27	Elevators/Bridges	-	-	-	
28	Plumbing	21.35	19,750	849,250	
29	Fire Sprinklers	7.50	6,937	298,300	
30	Heating and Air Conditioning	16.22	15,000	645,000	
31	Electrical	20.27	18,750	806,250	10,333,025
SITE COMPLETION					
32	On-Site Improvements	13.60	12,581	540,975	
33	Landscaping	4.37	4,047	174,000	
34	Off-Sites / Commercial Space	-	-	-	714,975
Total Direct Costs		320.00	296,002		12,728,000
INDIRECT COSTS					
35	General Requirements	19.20	17,760	763,680	
36	Prevailing Wages (Included Above)	-	-	-	
37	General Overhead	6.40	5,920	254,560	
38	Builder's Profit	19.20	17,760	763,680	
39	Contingency (In Owner Budget)	18.35	16,977	730,000	
Total Indirect Costs		63.15	58,417		2,511,920
TOTAL CONSTRUCTION COSTS		383.15	354,419		15,239,920

FINANCING & COMPLIANCE DETAILS

Rev. 6/25/22

Eaglepointe Apartments

Paradise, CA

PERMANENT FINANCING																			
Total Project Costs	Tie-Breaker	49.941%	\$ 21,138,621																
Tax Credit Financing																			
Tax Credit Eligible Basis			\$ 19,948,875																
Less: Grant Proceeds & Other Exclusions	\$ -																		
Voluntary Basis Reduction	\$ 3,030,000																		
Requested Eligible Basis			\$ 16,918,875																
Difficult to Develop Bonus (Yes - 130%, No - 100%)			100%																
Total Adjusted Eligible Basis			\$ 16,918,875																
Times % of Affordable Units or Sqr. Ft.			100.00%																
Qualified Basis Eligible to Receive Tax Credits			\$ 16,918,875																
Less Voluntary Credit Reduction	0.00%	\$ -	\$ 16,918,875																
<table border="1"> <tr> <td>Times Credit %</td><td>Floor</td><td>Federal Credits</td><td>State Credits</td></tr> <tr> <td></td><td></td><td>9.00%</td><td>30.00%</td></tr> <tr> <td>Times Number of Years</td><td></td><td>10</td><td>1</td></tr> <tr> <td>Total Tax Credits</td><td></td><td>\$ 14,709,170</td><td>\$ -</td></tr> </table>				Times Credit %	Floor	Federal Credits	State Credits			9.00%	30.00%	Times Number of Years		10	1	Total Tax Credits		\$ 14,709,170	\$ -
Times Credit %	Floor	Federal Credits	State Credits																
		9.00%	30.00%																
Times Number of Years		10	1																
Total Tax Credits		\$ 14,709,170	\$ -																
Syndicated at an Investment Rate of	99.99%	at a Price of	\$ 0.8600																
	\$ 0.86	\$ 0.82																	
Equals Tax Credit Equity Proceeds			\$ 12,648,621																
Total Tax Credit Financing		59.84%	\$ (12,648,621)																
Permanent Loan		5.20%	\$ (1,100,000)																
Town CDBG-DR Loan		34.96%	\$ (7,390,000)																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Financing Shortfall / (Overage)		0.00%	\$ -																

Max. HOME - No Davis Bacon	HOME Units	#	Max. Subsidy	Subsidy by Type	Total Limit
Max. HOME Units	0	0	\$ -	\$ -	\$ -
Ratio to Tot. Units	0.00%	0	\$ -	\$ -	Loan Amount
Tot. Project Costs	\$ 21,138,621	0	\$ -	\$ -	\$ -
HOME Loan	\$ -	0	\$ -	\$ -	O.K.

Compliance with LIHTC Eligible Basis Limits			
Unit Size	Number of Units	Butte County Basis Limits	Totals
S	0	\$ -	\$ -
1	12	\$ 283,850	\$ 3,406,200
2	19	\$ 342,400	\$ 6,505,600
3	12	\$ 438,272	\$ 5,259,264
Base Limit			\$ 15,171,064
Base Limit Plus Adjustments			\$ 19,885,338
Requested Eligible Basis			\$ 19,948,875
% Below / (Above) Cost Limit			-0.3195%

Construction Financing	
Tax Credit Financing	\$ 2,529,724
Town CDBG-DR Loan	\$ 7,390,000
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Deferred Costs	\$ 145,291
Deferred Contractor Profit	\$ -
Deferred Developer Fee	\$ 2,200,000
Construction Loan	\$ 8,873,606
Total Project Costs	\$ 21,138,621

OPERATING & LOAN DETAILS

Project:	Eaglepointe Apartments	Location:	Paradise, CA	Rev. 6/25/22
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Type	AMI Rent Level	Number of Units	Avg. Unit Sq. Ft.	Gross Rent	Utility Allowance	Net Rent	Monthly Totals	Annual Totals
Studio	30%	0	0	0	0	0	0	0
Studio	40%	0	0	0	0	0	0	0
Studio	50%	0	0	0	0	0	0	0
Studio	60%	0	0	0	0	0	0	0
1BR/1BA	30%	1	667	438	120	318	318	3,816
1BR/1BA	40%	2	667	585	120	465	930	11,160
1BR/1BA	50%	6	667	731	120	611	3,666	43,992
1BR/1BA	60%	3	667	877	120	757	2,271	27,252
2BR/1BA	30%	2	878	526	144	382	764	9,168
2BR/1BA	40%	2	878	702	144	558	1,116	13,392
2BR/1BA	50%	10	878	877	144	733	7,330	87,960
2BR/1BA	60%	4	878	1,053	144	909	3,636	43,632
3BR/2BA	30%	2	1,134	607	171	436	872	10,464
3BR/2BA	40%	1	1,134	810	171	639	639	7,668
3BR/2BA	50%	6	1,134	1,013	171	842	5,052	60,624
3BR/2BA	60%	3	1,134	1,215	171	1,044	3,132	37,584
2BR/1BA	Manager's	1	878	0	0	0	0	0

Total Units & Sq. Ft.	43	38,294	% of Sq. Ft.	% of Units
Communtiy Facilities		1,481	Affordable	Affordable
Total Project Sq. Ft.		39,775	100.00%	100.00%

\$ 29,726	\$ 356,712
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Total Annual Rental Income

\$ 356,712

Operating Deficit Guarantee	
10% of Perm.	\$ 110,000
Year 1 Op. Exp.	\$ 248,540
Guarantee	\$ 248,540

Other Income

Laundry	/Unit/Year	\$ -	\$ -
Tenant Charges & Interest	/Unit/Year	\$ 50	\$ 2,150

Total Annual Other Income

\$ 2,150

Total Annual Potential Gross Income

\$ 358,862

Vacancy & Collection Loss

5%

\$ (17,943)

Annual Effective Gross Income

\$ 340,919

Replacement Reserves	
Standard/Unit	\$ 250
UMR Min/Unit	\$ 500
Reserve / Unit	\$ 500

Project Unit Mix		
Unit Type	Number	% of Total
Studio	0	0.00%
1 Bdrm./1 Bath.	12	27.91%
2 Bdrm./1 Bath.	19	44.19%
3 Bdrm./2 Bath.	12	27.91%
Totals	43	100.01%

Average Affordability			
Unit Type	Number	% of Units	Factor
30%	5	11.90%	0.04
40%	5	11.90%	0.05
50%	22	52.38%	0.26
60%	10	23.81%	0.14
Average Affordability			48.81%

OPERATING & LOAN DETAILS (continued)

Project:	Eaglepointe Apartments
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Location:	Paradise, CA	Rev. 6/25/22
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ANNUAL EXPENSES

Real Estate Taxes & Special Assessments
State Taxes
Insurance
Licenses
Fuel & Gas
Electricity
Water & Sewer
Trash Removal
Pest Control
Building & Maintenance Repairs
Building & Maintenance Supplies
Supportive Services
Annual Monitoring Fee
Gardening & Landscaping
Management Fee
On-Site Manager(s)
Other Payroll
Manager's Unit Expense
Cleaning Supplies
Benefits
Payroll Taxes & Work Comp
Advertising
Telephone
Legal & Accounting
Operating Reserves
Office Supplies & Expense
Miscellaneous Administrative
Replacement Reserves

% of Annual EGI	% of Total Operating Exp.	Per Unit	Total
0.29%	0.40%	\$ 23.00	\$ 1,000
0.23%	0.32%	\$ 18.00	\$ 800
7.57%	10.38%	\$ 600.00	\$ 25,800
0.00%	0.00%	\$ -	\$ -
0.73%	1.00%	\$ 58.00	\$ 2,500
1.47%	2.00%	\$ 116.00	\$ 5,000
8.95%	12.28%	\$ 710.00	\$ 30,500
3.64%	5.00%	\$ 289.00	\$ 12,400
0.44%	0.60%	\$ 35.00	\$ 1,500
3.90%	5.35%	\$ 309.00	\$ 13,300
2.11%	2.90%	\$ 168.00	\$ 7,200
3.52%	4.83%	\$ 279.00	\$ 12,000
1.03%	1.41%	\$ 81.00	\$ 3,500
2.93%	4.02%	\$ 232.00	\$ 10,000
6.00%	8.25%	\$ 477.00	\$ 20,500
5.05%	6.92%	\$ 400.00	\$ 17,200
7.07%	9.70%	\$ 561.00	\$ 24,100
0.00%	0.00%	\$ -	\$ -
0.06%	0.08%	\$ 5.00	\$ 200
3.52%	4.83%	\$ 279.00	\$ 12,000
3.96%	5.43%	\$ 314.00	\$ 13,500
0.09%	0.10%	\$ 6.00	\$ 300
0.82%	1.13%	\$ 65.00	\$ 2,800
1.58%	2.17%	\$ 125.00	\$ 5,400
0.00%	0.00%	\$ -	\$ -
0.59%	0.80%	\$ 46.00	\$ 2,000
1.04%	1.45%	\$ 84.00	\$ 3,540
6.31%	8.65%	\$ 500.00	\$ 21,500

Annual Expenses - Per Unit & Total

5,780 \$ 248,540

Annual Net Operating Income - Per Unit & Total

\$ 2,148 \$ 92,379

PERMANENT DEBT ANALYSIS

Cap Rate
Loan-To-Value Restriction
Debt Service Coverage
Loan Amount
Constant
Interest Rate
Amortization Period in Years
Annual Debt Service
Annual Cash Flow
Loan Selection

LTV Restricted Loan Amounts			DSC Ratio Restricted Loan Amounts		
8.500%	9.000%	9.500%	**	**	Fixed Loan Amount
90%	90%	90%	**	**	
1.43	1.51	1.60	1.15	1.20	1.27
\$ 978,131	\$ 923,790	\$ 875,169	\$ 1,216,642	\$ 1,165,949	\$ 1,100,000
**	**	**	0.066026	0.066026	0.066026
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
40	40	40	40	40	40
\$ 64,582	\$ 60,994	\$ 57,784	\$ 80,330	\$ 76,983	\$ 72,624
\$ 27,797	\$ 31,385	\$ 34,595	\$ 12,049	\$ 15,396	\$ 19,755
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Eaglepointe Apartments
Multi-Year Stabilized Operating Pro-Forma

Paradise, CA

Rev. 6/25/22

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 1	Year 2	Year 3	Year 4	Year 5
Studio	30%	0	0	2.5%	-	-	-	-	-
Studio	40%	0	0	2.5%	-	-	-	-	-
Studio	50%	0	0	2.5%	-	-	-	-	-
Studio	60%	0	0	2.5%	-	-	-	-	-
1BR/IBA	30%	318	1	2.5%	3,816	3,911	4,009	4,109	4,212
1BR/IBA	40%	465	2	2.5%	11,160	11,439	11,725	12,018	12,319
1BR/IBA	50%	611	6	2.5%	43,992	45,092	46,219	47,375	48,559
1BR/IBA	60%	757	3	2.5%	27,252	27,933	28,632	29,347	30,081
2BR/IBA	30%	382	2	2.5%	9,168	9,397	9,632	9,873	10,120
2BR/IBA	40%	558	2	2.5%	13,392	13,727	14,070	14,422	14,782
2BR/IBA	50%	733	10	2.5%	87,960	90,159	92,413	94,723	97,091
2BR/IBA	60%	909	4	2.5%	43,632	44,723	45,841	46,987	48,162
3BR/2BA	30%	436	2	2.5%	10,464	10,726	10,994	11,269	11,550
3BR/2BA	40%	639	1	2.5%	7,668	7,860	8,056	8,258	8,464
3BR/2BA	50%	842	6	2.5%	60,624	62,140	63,693	65,285	66,918
3BR/2BA	60%	1,044	3	2.5%	37,584	38,524	39,487	40,474	41,486
2BR/IBA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			43		356,712	365,630	374,771	384,140	393,743
OTHER INCOME			Units	Incr./Yr.	Year-1	Year-2	Year-3	Year-4	Year-5
Laundry			43	2.5%	-	-	-	-	-
Tenant Charges & Interest			43	2.5%	2,150	2,204	2,259	2,315	2,373
TOTAL OTHER INCOME					2,150	2,204	2,259	2,315	2,373
TOTAL INCOME					358,862	367,834	377,029	386,455	396,117
Less Vacancy Allowance				5%	(17,943)	(18,392)	(18,851)	(19,323)	(19,806)
GROSS INCOME					340,919	349,442	358,178	367,132	376,311
OPERATING EXPENSES	Per Unit - Yr. 1	%EGI	Incr./Yr.		Year-1	Year-2	Year-3	Year-4	Year-5
Advertising	\$ 7	0.1%	3.5%		300	311	321	333	344
Legal	\$ 47	0.6%	3.5%		2,000	2,070	2,142	2,217	2,295
Accounting/Audit	\$ 79	1.0%	3.5%		3,400	3,519	3,642	3,770	3,902
Security	\$ -	0.0%	3.5%		-	-	-	-	-
Other: Telephone, Office Expense, Misc.	\$ 194	2.4%	3.5%		8,340	8,632	8,934	9,247	9,570
Management Fee	\$ 477	6.0%	3.5%		20,500	21,218	21,960	22,729	23,524
Fuel	\$ 5	0.1%	3.5%		200	207	214	222	230
Gas	\$ 53	0.7%	3.5%		2,300	2,381	2,464	2,550	2,639
Electricity	\$ 116	1.5%	3.5%		5,000	5,175	5,356	5,544	5,738
Water/Sewer	\$ 709	8.9%	3.5%		30,500	31,568	32,672	33,816	34,999
On-Site Manager	\$ 400	5.0%	3.5%		17,200	17,802	18,425	19,070	19,737
Maintenance Personnel	\$ 560	7.1%	3.5%		24,100	24,944	25,817	26,720	27,655
Other: Payroll Taxes, Work Comp, Benefits	\$ 593	7.5%	3.5%		25,500	26,393	27,316	28,272	29,262
Insurance	\$ 600	7.6%	3.5%		25,800	26,703	27,638	28,605	29,606
Painting	\$ 50	0.6%	3.5%		2,150	2,225	2,303	2,384	2,467
Repairs	\$ 259	3.3%	3.5%		11,150	11,540	11,944	12,362	12,795
Trash Removal	\$ 288	3.6%	3.5%		12,400	12,834	13,283	13,748	14,229
Exterminating	\$ 35	0.4%	3.5%		1,500	1,553	1,607	1,663	1,721
Grounds	\$ 233	2.9%	3.5%		10,000	10,350	10,712	11,087	11,475
Elevator	\$ -	0.0%	3.5%		-	-	-	-	-
Other: Cleaning & Building Supplies	\$ 172	2.2%	3.5%		7,400	7,659	7,927	8,205	8,492
Other: Licenses	\$ -	0.0%	3.5%		-	-	-	-	-
Other: State Tax	\$ 19	0.2%	3.5%		800	828	857	887	918
Other: CDBG Monitoring Fee	\$ 81	1.0%	3.0%		3,500	3,605	3,713	3,825	3,939
Other:	\$ -	0.0%	3.5%		-	-	-	-	-
Other:	\$ -	0.0%	3.5%		-	-	-	-	-
TOTAL OPERATING EXPENSES		\$ 4,978			214,040	221,514	229,249	237,254	245,539
Internet Expense	\$ -	0.0%	3.5%		-	-	-	-	-
Service Amenities	\$ 279	3.5%	3.5%		12,000	12,420	12,855	13,305	13,770
Reserve for Replacement	\$ 500	6.3%	0.0%		21,500	21,500	21,500	21,500	21,500
Real Estate Taxes	\$ 23	0.3%	2.0%		1,000	1,020	1,040	1,061	1,082
TOTAL EXPENSES, TAXES & RESERVES		\$ 5,780			248,540	256,454	264,644	273,120	281,891
Long-Term Stability Reserve Drawdown		\$ -	Target	-	-	-	-	-	-
CASH FLOW AVAILABLE FOR DEBT SERVICE					92,379	92,988	93,534	94,012	94,419
DEBT SERVICE & OTHER DISTRIBUTIONS	Loan Amount				Year-1	Year-2	Year-3	Year-4	Year-5
Permanent Loan	Hard \$ 1,100,000				72,624	72,624	72,624	72,624	72,624
Other	NA \$ -				-	-	-	-	-
Asset Management Fees	Soft \$ 9,300				9,300	9,300	9,300	9,300	9,300
Other	Soft \$ -				-	-	-	-	-
Town CDBG-DR Loan	Soft \$ 7,390,000				5,228	5,532	5,805	6,044	6,248
Other	Soft \$ -				-	-	-	-	-
Other	Soft \$ -				-	-	-	-	-
Other	Soft \$ -				-	-	-	-	-
ANNUAL NET CASH FLOW					5,228	5,532	5,805	6,044	6,248
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Deb					1.27	1.28	1.29	1.30	1.30

Eaglepointe Apartments
Multi-Year Stabilized Operating Pro-Forma

Paradise, CA

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 6	Year 7	Year 8	Year 9	Year 10
Studio	30%	0	0	2.5%	-	-	-	-	-
Studio	40%	0	0	2.5%	-	-	-	-	-
Studio	50%	0	0	2.5%	-	-	-	-	-
Studio	60%	0	0	2.5%	-	-	-	-	-
1BR/1BA	30%	318	1	2.5%	4,317	4,425	4,536	4,649	4,766
1BR/1BA	40%	465	2	2.5%	12,627	12,942	13,266	13,597	13,937
1BR/1BA	50%	611	6	2.5%	49,773	51,017	52,293	53,600	54,940
1BR/1BA	60%	757	3	2.5%	30,833	31,604	32,394	33,204	34,034
2BR/1BA	30%	382	2	2.5%	10,373	10,632	10,898	11,170	11,450
2BR/1BA	40%	558	2	2.5%	15,152	15,531	15,919	16,317	16,725
2BR/1BA	50%	733	10	2.5%	99,519	102,007	104,557	107,171	109,850
2BR/1BA	60%	909	4	2.5%	49,366	50,600	51,865	53,161	54,490
3BR/2BA	30%	436	2	2.5%	11,839	12,135	12,438	12,749	13,068
3BR/2BA	40%	639	1	2.5%	8,676	8,893	9,115	9,343	9,576
3BR/2BA	50%	842	6	2.5%	68,590	70,305	72,063	73,864	75,711
3BR/2BA	60%	1,044	3	2.5%	42,523	43,586	44,676	45,792	46,937
2BR/1BA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			43		403,587	413,677	424,018	434,619	445,484
OTHER INCOME			Units	Incr./Yr.	Year-6	Year-7	Year-8	Year-9	Year-10
Laundry			43	2.5%	-	-	-	-	-
Tenant Charges & Interest			43	2.5%	2,433	2,493	2,556	2,620	2,685
TOTAL OTHER INCOME					2,433	2,493	2,556	2,620	2,685
TOTAL INCOME					406,019	416,170	426,574	437,239	448,169
Less Vacancy Allowance				5%	(20,301)	(20,808)	(21,329)	(21,862)	(22,408)
GROSS INCOME					385,718	395,362	405,245	415,377	425,761
OPERATING EXPENSES		Per Unit - Yr. 1	%EGI	Incr./Yr.	Year-6	Year-7	Year-8	Year-9	Year-10
Advertising		\$ 7	0.1%	3.5%	356	369	382	395	409
Legal		\$ 47	0.6%	3.5%	2,375	2,459	2,545	2,634	2,726
Accounting/Audit		\$ 79	1.0%	3.5%	4,038	4,179	4,326	4,477	4,634
Security		\$ -	0.0%	3.5%	-	-	-	-	-
Other: Telephone, Office Expense, Misc.		\$ 194	2.4%	3.5%	9,905	10,252	10,611	10,982	11,367
Management Fee		\$ 477	6.0%	3.5%	24,348	25,200	26,082	26,995	27,939
Fuel		\$ 5	0.1%	3.5%	238	246	254	263	273
Gas		\$ 53	0.7%	3.5%	2,732	2,827	2,926	3,029	3,135
Electricity		\$ 116	1.5%	3.5%	5,938	6,146	6,361	6,584	6,814
Water/Sewer		\$ 709	8.9%	3.5%	36,224	37,492	38,805	40,163	41,568
On-Site Manager		\$ 400	5.0%	3.5%	20,428	21,143	21,883	22,649	23,442
Maintenance Personnel		\$ 560	7.1%	3.5%	28,623	29,625	30,662	31,735	32,846
Other: Payroll Taxes, Work Comp, Benefits		\$ 593	7.5%	3.5%	30,286	31,346	32,443	33,579	34,754
Insurance		\$ 600	7.6%	3.5%	30,642	31,715	32,825	33,974	35,163
Painting		\$ 50	0.6%	3.5%	2,554	2,643	2,735	2,831	2,930
Repairs		\$ 259	3.3%	3.5%	13,243	13,706	14,186	14,682	15,196
Trash Removal		\$ 288	3.6%	3.5%	14,727	15,243	15,776	16,328	16,900
Exterminating		\$ 35	0.4%	3.5%	1,782	1,844	1,908	1,975	2,044
Grounds		\$ 233	2.9%	3.5%	11,877	12,293	12,723	13,168	13,629
Elevator		\$ -	0.0%	3.5%	-	-	-	-	-
Other: Cleaning & Building Supplies		\$ 172	2.2%	3.5%	8,789	9,096	9,415	9,744	10,085
Other: Licenses		\$ -	0.0%	3.5%	-	-	-	-	-
Other: State Tax		\$ 19	0.2%	3.5%	950	983	1,018	1,053	1,090
Other: CDBG Monitoring Fee		\$ 81	1.0%	3.0%	4,057	4,179	4,305	4,434	4,567
Other:		\$ -	0.0%	3.5%	-	-	-	-	-
Other:		\$ -	0.0%	3.5%	-	-	-	-	-
TOTAL OPERATING EXPENSES		\$ 4,978			254,113	262,987	272,170	281,675	291,511
Internet Expense		\$ -	0.0%	3.5%	-	-	-	-	-
Service Amenities		\$ 279	3.5%	3.5%	14,252	14,751	15,267	15,802	16,355
Reserve for Replacement		\$ 500	6.3%	0.0%	21,500	21,500	21,500	21,500	21,500
Real Estate Taxes		\$ 23	0.3%	2.0%	1,104	1,126	1,149	1,172	1,195
TOTAL EXPENSES, TAXES & RESERVES		\$ 5,780			290,969	300,364	310,086	320,148	330,561
Long-Term Stability Reserve Drawdown		\$ -	Target	-	-	-	-	-	-
CASH FLOW AVAILABLE FOR DEBT SERVICE					94,749	94,998	95,159	95,228	95,200
DEBT SERVICE & OTHER DISTRIBUTIONS		Loan Amount			Year-6	Year-7	Year-8	Year-9	Year-10
Permanent Loan	Hard	\$ 1,100,000			72,624	72,624	72,624	72,624	72,624
Other	NA	\$ -			-	-	-	-	-
Asset Management Fees	Soft	\$ 9,300			9,300	9,300	9,300	9,300	9,300
Other	Soft	\$ -			-	-	-	-	-
Town CDBG-DR Loan	Soft	\$ 7,390,000			6,413	6,537	6,617	6,652	6,638
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
ANNUAL NET CASH FLOW					6,413	6,537	6,617	6,652	6,638
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Deb					1.31	1.31	1.31	1.31	1.31

**Eaglepointe Apartments
Multi-Year Stabilized Operating Pro-Forma**

Paradise, CA

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 11	Year 12	Year 13	Year 14	Year 15
Studio	30%	0	0	2.5%	-	-	-	-	-
Studio	40%	0	0	2.5%	-	-	-	-	-
Studio	50%	0	0	2.5%	-	-	-	-	-
Studio	60%	0	0	2.5%	-	-	-	-	-
1BR/1BA	30%	318	1	2.5%	4,885	5,007	5,132	5,260	5,392
1BR/1BA	40%	465	2	2.5%	14,286	14,643	15,009	15,384	15,769
1BR/1BA	50%	611	6	2.5%	56,313	57,721	59,164	60,643	62,160
1BR/1BA	60%	757	3	2.5%	34,885	35,757	36,651	37,567	38,506
2BR/1BA	30%	382	2	2.5%	11,736	12,029	12,330	12,638	12,954
2BR/1BA	40%	558	2	2.5%	17,143	17,571	18,011	18,461	18,923
2BR/1BA	50%	733	10	2.5%	112,596	115,411	118,296	121,254	124,285
2BR/1BA	60%	909	4	2.5%	55,853	57,249	58,680	60,147	61,651
3BR/2BA	30%	436	2	2.5%	13,395	13,730	14,073	14,425	14,785
3BR/2BA	40%	639	1	2.5%	9,816	10,061	10,313	10,570	10,835
3BR/2BA	50%	842	6	2.5%	77,604	79,544	81,533	83,571	85,660
3BR/2BA	60%	1,044	3	2.5%	48,111	49,313	50,546	51,810	53,105
2BR/1BA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			43		456,622	468,037	479,738	491,731	504,025
OTHER INCOME			Units	Incr./Yr.	Year-11	Year-12	Year-13	Year-14	Year-15
Laundry			43	2.5%	-	-	-	-	-
Tenant Charges & Interest			43	2.5%	2,752	2,821	2,892	2,964	3,038
TOTAL OTHER INCOME					2,752	2,821	2,892	2,964	3,038
TOTAL INCOME					459,374	470,858	482,629	494,695	507,063
Less Vacancy Allowance				5%	(22,969)	(23,543)	(24,131)	(24,735)	(25,353)
GROSS INCOME					436,405	447,315	458,498	469,960	481,710
OPERATING EXPENSES		Per Unit - Yr. 1	%EGI	Incr./Yr.	Year-11	Year-12	Year-13	Year-14	Year-15
Advertising		\$ 7	0.1%	3.5%	423	438	453	469	486
Legal		\$ 47	0.6%	3.5%	2,821	2,920	3,022	3,128	3,237
Accounting/Audit		\$ 79	1.0%	3.5%	4,796	4,964	5,138	5,317	5,504
Security		\$ -	0.0%	3.5%	-	-	-	-	-
Other: Telephone, Office Expense, Misc.		\$ 194	2.4%	3.5%	11,764	12,176	12,602	13,043	13,500
Management Fee		\$ 477	6.0%	3.5%	28,917	29,929	30,977	32,061	33,183
Fuel		\$ 5	0.1%	3.5%	282	292	302	313	324
Gas		\$ 53	0.7%	3.5%	3,244	3,358	3,475	3,597	3,723
Electricity		\$ 116	1.5%	3.5%	7,053	7,300	7,555	7,820	8,093
Water/Sewer		\$ 709	8.9%	3.5%	43,023	44,529	46,088	47,701	49,370
On-Site Manager		\$ 400	5.0%	3.5%	24,262	25,111	25,990	26,900	27,842
Maintenance Personnel		\$ 560	7.1%	3.5%	33,995	35,185	36,417	37,691	39,011
Other: Payroll Taxes, Work Comp, Benefits		\$ 593	7.5%	3.5%	35,970	37,229	38,532	39,881	41,277
Insurance		\$ 600	7.6%	3.5%	36,393	37,667	38,986	40,350	41,762
Painting		\$ 50	0.6%	3.5%	3,033	3,139	3,249	3,363	3,480
Repairs		\$ 259	3.3%	3.5%	15,728	16,279	16,848	17,438	18,048
Trash Removal		\$ 288	3.6%	3.5%	17,491	18,104	18,737	19,393	20,072
Exterminating		\$ 35	0.4%	3.5%	2,116	2,190	2,267	2,346	2,428
Grounds		\$ 233	2.9%	3.5%	14,106	14,600	15,111	15,640	16,187
Elevator		\$ -	0.0%	3.5%	-	-	-	-	-
Other: Cleaning & Building Supplies		\$ 172	2.2%	3.5%	10,438	10,804	11,182	11,573	11,978
Other: Licenses		\$ -	0.0%	3.5%	-	-	-	-	-
Other: State Tax		\$ 19	0.2%	3.5%	1,128	1,168	1,209	1,251	1,295
Other: CDBG Monitoring Fee		\$ 81	1.0%	3.0%	4,704	4,845	4,990	5,140	5,294
Other:		\$ -	0.0%	3.5%	-	-	-	-	-
Other:		\$ -	0.0%	3.5%	-	-	-	-	-
TOTAL OPERATING EXPENSES		\$ 4,978			301,691	312,227	323,131	334,415	346,094
Internet Expense		\$ -	0.0%	3.5%	-	-	-	-	-
Service Amenities		\$ 279	3.5%	3.5%	16,927	17,520	18,133	18,767	19,424
Reserve for Replacement		\$ 500	6.3%	0.0%	21,500	21,500	21,500	21,500	21,500
Real Estate Taxes		\$ 23	0.3%	2.0%	1,219	1,243	1,268	1,294	1,319
TOTAL EXPENSES, TAXES & RESERVES		\$ 5,780			341,337	352,490	364,032	375,976	388,338
Long-Term Stability Reserve Drawdown		\$ -	Target	-	-	-	-	-	-
CASH FLOW AVAILABLE FOR DEBT SERVICE					95,067	94,825	94,467	93,984	93,372
DEBT SERVICE & OTHER DISTRIBUTIONS		Loan Amount			Year-11	Year-12	Year-13	Year-14	Year-15
Permanent Loan	Hard	\$ 1,100,000			72,624	72,624	72,624	72,624	72,624
Other	NA	\$ -			-	-	-	-	-
Asset Management Fees	Soft	\$ 9,300			9,300	9,300	9,300	9,300	9,300
Other	Soft	\$ -			-	-	-	-	-
Town CDBG-DR Loan	Soft	\$ 7,390,000			6,572	6,451	6,271	6,030	5,724
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
ANNUAL NET CASH FLOW					6,572	6,451	6,271	6,030	5,724
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Deb					1.31	1.31	1.30	1.29	1.29

**Allowances for Tenant-
Furnished Utilities and
Other Services**

**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 09/30/2024)

Locality Housing Authority of the County of Butte Paradise Water Area			Unit Type Flat/Garden/High Rise Apt		Date (mm/dd/yyyy) 10/01/22		
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	16	20	25	31	36	39
	Bottle Gas	57	73	87	111	129	140
	Electric PG & E	27	29	38	43	50	57
	Electric Heat Pump	25	27	35	40	46	53
	Fuel Oil	0	0	0	0	0	0
Cooking	Natural Gas	4	4	5	5	6	6
	Bottle Gas	14	15	17	18	20	22
	Electric PG & E	15	17	19	22	24	27
Other Electric		38	50	59	72	85	100
Air Conditioning	Refrigerated Air	13	15	20	23	26	30
	Evap Cooling	2	2	3	3	4	5
Water Heating	Natural Gas	17	17	21	26	30	34
	Bottle Gas	35	36	50	67	82	96
	Electric PG & E	26	27	37	50	62	72
Water	Paradise	45	46	54	59	68	74
Sewer	N/A	0	0	0	0	0	0
Trash Collection NRWS		38	38	38	38	38	38
Range		6	6	6	6	6	6
Refrigerator		7	7	7	7	7	7
Other -specify Customer Charge	Electric PG & E	10	10	10	10	10	10
	Natural Gas	4	4	4	4	4	4
Actual Family Allowances - To be used by the family to compute allowance. Complete below for the actual unit rented.					Utility or Service		per month cost
Name of Family					Heating		
					Cooking		
Address of Unit					Other Electric		
					Air Conditioning		
					Water Heating		
					Water		
					Sewer		
					Trash Collection		
					Range/Microwave		
Number of Bedrooms					Refrigerator		
					Other		
					Total		

LAND PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS
COUNTER OFFER #1

This Purchase and Sale Agreement and Escrow Instructions ("Agreement") entered into on this 28th day of November 2021 by and between **ROBERT J. ARKENBERG, The Arkenberg Family Trust** ("Seller") and **PACIFIC WEST COMMUNITIES, Inc. and/or Assigns** ("Buyer") is meant to serve as the purchase agreement and the escrow instructions for this transaction. The Effective date of this agreement will be the date upon which this Agreement is signed by all parties and Buyer has placed into Escrow the Deposit as defined Below ("Effective Date").

SALE PARCEL: Seller herein agrees to sell the property situated in the **City of Paradise, County of Butte, California** commonly known as a **6.53 acre +/- site identified as all of APN's 053-380-001 through 053-380-044 located at 5975 Maxwell Drive, 95969** ("Sale Parcel") and legally described in **Exhibit A** and visually depicted in **Exhibit B** both attached hereto and incorporated herein by this reference and includes all rights, privileges and easements appurtenant to the Sale Parcel, whether or not recorded, including without limitation all development rights, air rights, water and water rights, easements, rights of way or appurtenances used in connection with the Sale Parcel, and all oil, gas and other minerals in or under or that may be produced for or by the Sale Parcel not otherwise reserved. Buyer intends to construct a rental housing project on the Sale Parcel.

PURCHASE PRICE: The Purchase Price shall be **Eight Hundred Eighty Thousand Dollars (\$880,000.00)** and shall be paid in cash at the Close of Escrow.

DEPOSITS: Upon Seller's acceptance of this Agreement, Buyer, within ten (10) days, shall deposit into an escrow account held by **Mid Valley Title & Escrow Company a First American Title Company** with an office located at **601 Main Street, Chico, CA, 95928** ATTN: **Ms. Heidi Gomez** ("Escrow Holder") the sum of **TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00)** (the "Deposit") as a deposit to be applied toward the Purchase Price. Provided Buyer has not cancelled this Agreement, Buyer shall deposit an additional **TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00)** (the "First Additional Deposit") into Escrow within **90** days of the Effective Date of this Agreement to be applied toward the Purchase Price. The First Additional Deposit shall be nonrefundable and immediately released to Seller. Provided Buyer has not cancelled this Agreement, Buyer shall deposit an additional **TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00)** (the "Second Additional Deposit") into by Escrow within **180** days of the Effective Date of this Agreement to be applied toward the Purchase Price. The Second Additional Deposit shall be nonrefundable and immediately released to Seller.

REVIEW PERIOD: Buyer shall have until **May 30, 2022** (the "Review Period") of the Project. These investigations may include a physical and geological inspection and Buyer shall have the right, at Buyer's expense, to select and inspector(s) to make "inspections" (including test, surveys and other studies) of the Sale Parcel, including but not limited to soil, foundation, possible environmental hazards (such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks. Hazardous waste, and other substances, materials or products, geologic

Buyer Initials *W* Seller Initials *BJA*

conditions, location of property lines, size/square footage of the "Sale Parcel and any improvements, and water/utility use restrictions. Seller shall make the Sale Parcel available for all inspections. Buyer shall keep the Sale Parcel free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims and demands, damages, and costs, and shall repair all damages arising from the inspections. Buyer shall provide written notice to Seller of any items disapproved prior to expiration of the Review Period. Seller to receive copies of all investigations and reports.

At any time prior to the expiration of the Review Period, Buyer shall have the right in its sole discretion to terminate this Agreement for any reason whatsoever by giving written notice to Escrow Holder and Seller or its Agent.

Seller is working with the Utility Companies to supply and replace the underground to site and will keep Buyer informed of what they are doing. Seller needs to work with them thru this Escrow period.

LOCAL GOVERNMENT APPROVALS: Seller hereby agrees to assist Buyer with the execution of all reasonable necessary documents that may be required by the local governing bodies for the approval of Buyer's proposed development.

SELLER REPRESENTATIONS: Seller represents that Seller has no knowledge of any notice of violations of City, County, State, or Federal building, zoning, fire, or health laws, codes, statutes, ordinances, regulations, or rules filed or issued against the Sale Parcel. If Seller receives notice of violations prior to Close of Escrow, Seller shall immediately notify Buyer in writing. Buyer is allowed 30 calendar days after receipt of notice to provide written notice to Seller of any items disapproved.

TITLE: Buyer shall be provided a current preliminary title report at Seller's expense. Title shall be free of liens, encumbrances, easements, restrictions, rights, and conditions of record or known to Seller. Buyer shall be allowed 30 calendar days after receipt of the preliminary title report to provide written notice to Seller of any of the preceding items disapproved.

ESCROW: An escrow shall be opened to consummate the sale of the Sale Parcel pursuant to this Agreement through Escrow Holder upon the deposit by Seller and Buyer of an executed copy of this Agreement therein. Prior to the Close of Escrow, Seller will hand Escrow Holder a deed conveying the Sale Parcel described herein to the vestees named below or assigns. Buyer, within ten (10) days of acceptance, will deliver to Escrow Holder the sum identified herein as the Deposit to be applied toward the Purchase Price. Prior to the Close of Escrow, Buyer will hand to Escrow Holder the additional cash deposits required to complete the total Purchase Price identified herein which Escrow Holder is instructed to use when Escrow Holder can obtain a CLTA Owners Policy of Title Insurance, and any policy required by Buyer's lenders which policies of title insurance will contain the insuring clauses, exceptions, exclusions, provisions and stipulations customarily contained in the printed provisions of such form with liability not less than the Purchase Price describing the Sale Parcel contained herein, and showing the fee title in said Sale Parcel vesting to Buyer or such other party with Sellers approval Buyer may designate, subject to:

Buyer Initials



Seller Initials



1. General and Special Taxes for the applicable fiscal year, a lien not yet due and payable, including levies for any district such as, but not limited thereto, drainage, irrigation, road improvement, acquisition and improvement, fire protection, etc.
2. The lien of supplemental taxes, if any, assessed pursuant to the laws of the State of California.
3. Any additional general and special taxes that may be due based on the possible re-evaluation of the herein described Sale Parcel.
4. Covenants, Conditions, Restrictions, Reservations, Easements and Rights of Way of Record, if any.
5. A First Deed of Trust and any other security instruments to record, executed by the above named vestees, to secure any loans or financing agreements in favor of a bonafide lender(s) of Buyer's choice.

ESCROW CHARGES: Buyer shall pay one-half of the Escrow fee and all of Escrow Holder's customary charges to buyers for document drafting, recording and miscellaneous charges. Seller shall pay one-half of the Escrow fee and all of Escrow Holder's customary charges to sellers for document drafting, documentary transfer tax, recording and miscellaneous charges incurred by Escrow Holder on Seller's behalf. Seller shall pay **one-half** the cost of the title insurance policy.

PRORATIONS:

- (a) County consolidated property tax bill charges, interest, rents, Association regular dues/assessments, premiums on insurance acceptable to Buyer, as applicable, shall be paid current by Seller and prorated between Buyer and Seller as of the date of recordation of the deed.
- (b) Bonds or assessments of special assessment districts which are now a lien, shall be paid current by Seller as of the date of recordation of the deed; payments that are not yet due shall be assumed by the Buyer.
- (c) Association special assessments which are now a lien, shall be paid current by the Seller as of the date of recordation of the deed; payments that are not yet due shall be assumed by the Buyer.
- (d) County transfer tax and transfer fees shall be paid by the Seller. City transfer tax and transfer fees shall be paid by the Seller.
- (e) All lease income, non-NNN utility and maintenance expenses and other customary income and expense items shall be prorated as of the Close of Escrow. Seller shall transfer all tenant security deposits to Buyer. Seller shall retain any capital replacement reserve accounts.

Buyer Initials *W* Seller Initials *12*

(f) SALE PARCEL WILL BE REASSESSED UPON CHANGE OF OWNERSHIP. THIS WILL AFFECT THE TAXES TO BE PAID. A supplemental tax bill will be issued, which shall be paid as follows: (1) for periods after Close of Escrow, by Buyer (or by final acquiring party if part of an exchange), and (2) for periods prior to Close of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.

CLOSE OF ESCROW: Close of Escrow shall be the date upon which the grant deed conveying title of the Sale Parcel to Buyer is recorded in the Official Records of the county in which Sale Parcel is located. This Escrow shall close on or before **May 31, 2022**. If Escrow is not in a condition to close by such date, any party which is not then in default may demand, in writing, the return of its documents; but, if both parties hereto are in default, no demand for return thereof shall be recognized until five (5) days after Escrow Holder shall have mailed copies of such demand to the other party. Notwithstanding the foregoing, Buyer at any time may elect to close on five (5) days prior notice of same to Seller and Escrow Holder.

EXTENSIONS OF CLOSE OF ESCROW: If Buyer has not obtained discretionary land-use approvals to Buyer's satisfaction for Buyer's proposed project by the original Close of Escrow date, Buyer may extend the Close of Escrow by up to six (6) months by placing into Escrow and Additional **Three** Thousand Dollars (**\$3,000.00**) for each month that Buyer chooses to extend the Close of Escrow. Buyer's ability to extend the Close of Escrow shall cease once Buyer obtains its required discretionary land-use approvals. The (6) payments shall not be credited toward the Purchase Price and are released to Seller in advance and payable each month.

OTHER TERMS AND CONDITIONS: 1) This Agreement and the Close of Escrow are contingent upon Buyer obtaining financing approvals sufficient for development of the Sale Parcel in Buyer's sole and absolute discretion; 2) Seller to provide to Buyer, within ten (10) days of execution of the Agreement by Seller, all leases currently in effect with regard to the Sale Parcel, including any leases for the existing improvements; 3) The following documents are attached to and a part of this Agreement: **None**

1031 TAX DEFERRED EXCHANGE: Buyer acknowledges that Seller may enter into a 1031 Tax Deferred Exchange. Buyer agrees to cooperate in fulfilling Seller's intent to effect said Exchange by performing any and all reasonable acts as may be required to affect the Exchange, provided, however, that Buyer does not incur any additional expense or liability as a result thereof.

FAILURE OF CONTINGENCIES AND TERMINATION OF ESCROW: In the event this transaction and Escrow terminate because of the failure of one or more of any contingencies herein contained, all deposits of Buyer not yet released to Seller shall be refunded in full to Buyer and neither party shall have any further obligation to the other. All escrow charges shall be paid by the Buyer and all documents delivered into Escrow shall be returned to the depositing party. The passage of time alone within this Contract constitutes Buyers removal of contingencies.

Buyer Initials *W* Seller Initials *DJ*

ATTORNEY FEES: In any action, proceeding or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

ENTIRE CONTRACT: Time is of the essence. All prior agreements between the parties are incorporated in this Agreement which constitutes the entire contract. Its terms are intended by the parties as a final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior or contemporaneous oral agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Agreement.

AGENCY CONFIRMATION: The following agency relationship(s) and respective compensation to be paid by Seller are hereby confirmed for this transaction:

Agent Representing Buyer: _____

Compensation for Services: _____

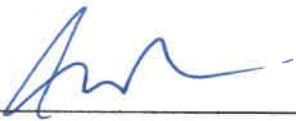
Agent Representing Seller: _____

Compensation for Services: _____

DURATION OF OFFER: This Agreement, when signed by Buyer constitutes an offer to purchase the Sale Parcel in accordance with the terms and provisions and on the conditions set forth herein. Such offer will expire at 5:00 PM on **11-30-21** unless by such date and time Seller shall have signed this Agreement and delivered the same to Buyer.

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed on the dates indicated herein.

BUYER: Pacific West Communities, Inc., dba Idaho Pacific West Communities, Inc. (and/or Assigns)

By: 
Caleb Roope, President and CEO
Pacific West Communities, Inc.

Date: 11/28/21

Buyer Initials CR Seller Initials 

SELLER: Robert J. Arkenberg, The Arkenberg Family Trust

By: 
Robert J. Arkenberg
Owner The Arkenberg Family Trust

Date: 11-28-2021

Buyer Initials n

Seller Initials 

EXHIBIT A

Legal Description of Property

**Approximately 6.53 +/- acres of Parcel Number's 053-380-001 through 053-38-044 located
5975 Maxwell Drive, units 1 thru 44 in City of Paradise, Butte County, California**

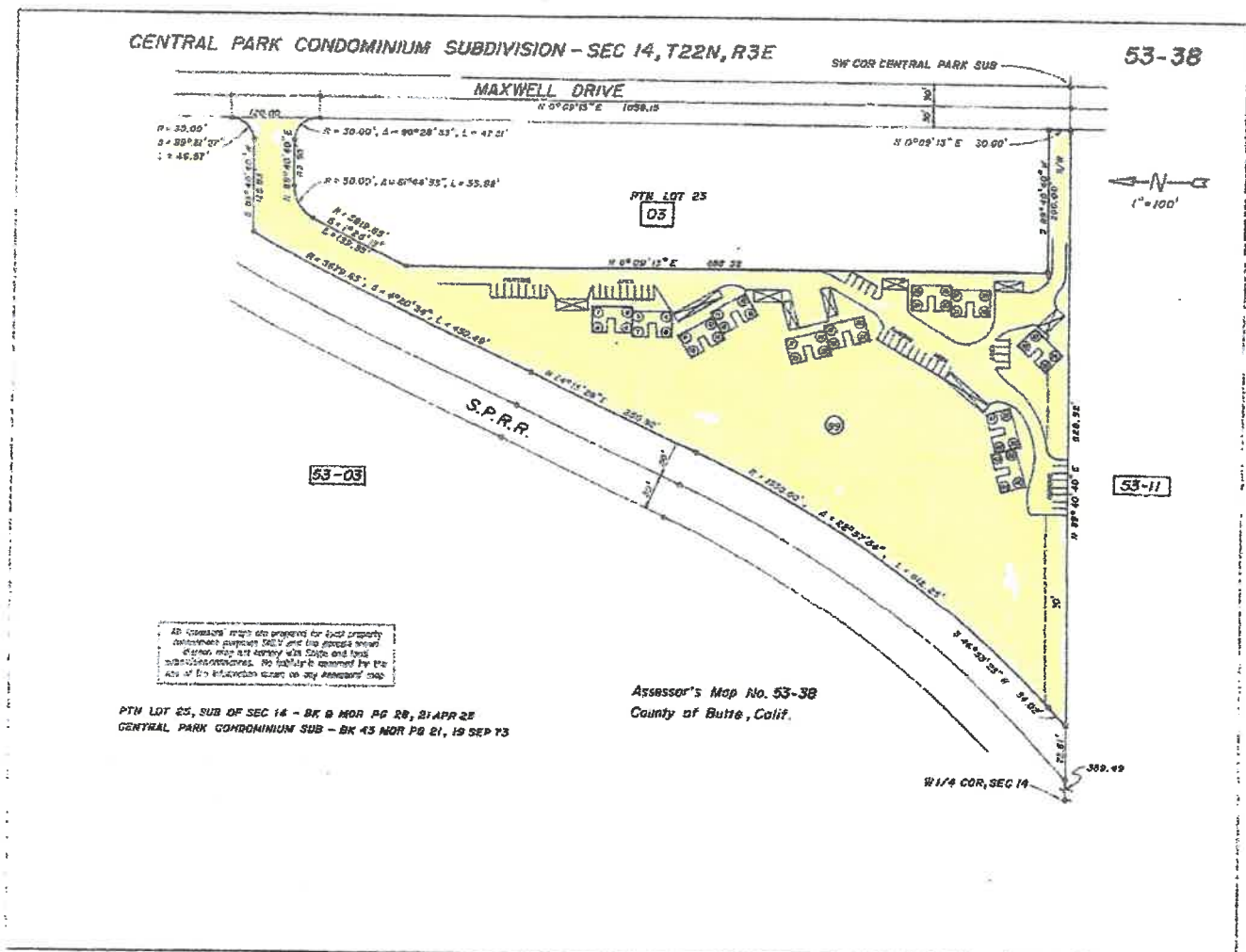
Legal Description of the Property to be provided by the Title Company within seven (7) business
days from the Effective Date of this Agreement.

Buyer Initials a Seller Initials RJ

Visually Depicted Description of Property (Plat Map)

myFirstAm[®] Tax Map

5975 Maxwell Dr #4, Paradise, CA 95969



Buyer Initials cd Seller Initials

Robert J. and B.J. Arkenberg

4878 Malibu Drive, Paradise, CA 95969

Phone: 530.876.8889

Fax: 530.872.7395

Cell: 530.521.9579

Email: bejaark@comcast.net

Date: November 27, 2021

5975 Maxwell Drive
TIME LINE
LAND PURCHASE AGREEMENT

<u>DATE</u>	<u>ACTIONS</u>
12/01/2021	Sign Agreement / Start Review Period.
12/10/2021	Deposit \$10,000.00 in Escrow.
03/01/2022	First Additional Deposit \$20,000.00. Release to Seller Non-refundable.
05/30/2022	End of Review Period.
05/30/2022	Second Additional Deposit \$20,000.00. Release to Seller Non-refundable.
05/31/2022	Close of Escrow.
06/01/2022	Extension of Escrow Starts \$3,000.00 per month
07/01/2022	Released to seller each month of the 6 month extension in
08/01/2022	in advance Non-refundable.
09/01/2022	
10/01/2022	
11/01/2022	
12/01/2022	End no more extensions

Buyers Initials a Sellers Initials [Signature]

SEVENTH AMENDMENT TO LAND PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Seventh Amendment to the Land Purchase and Sale Agreement and Escrow Instructions is made as of this _____ day of December 2022, by and between **Pacific West Communities, Inc and/or assigns ("Buyer")** and **Robert J. Arkenberg (Seller)**.

WITNESSETH

A. Seller and Buyer entered into that certain Purchase and Sale Agreement dated and effective November 28, 2021 ("Agreement"), as amended, with respect to real property located at City of Paradise, County of Butte, California commonly known as a 6.53 acre +/- site identified as all of APN's 053-380-001 through 053-380-044 located at 5975 Maxwell Drive, 95969 and in Exhibit A hereto attached.

B. Through no fault of the Seller or Buyer, the Seller and Buyer wish to amend the agreement.

C. As a result of such requests, the parties desire to amend the Agreement all in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration the sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The date for the Close of Escrow shall on February 24, 2023.
 2. There shall be no more Extension of the Purchase and Sale Agreement, as amended.
 3. All the payments made to Seller, the Initial Deposit, the First Additional Deposit, the Second Additional Deposit, all the Extension Payments shall be non-refundable to the Buyer.
- D. Except as modified herein, all the terms of the Agreement are hereby ratified.

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed on the dates indicated herein.

BUYER: PACIFIC WEST COMMUNITIES, INC. (and/or assigns)

By: 
Caleb Roope, CEO & President

Date: 12-29-22

SELLER: ROBERT J. ARKENBERG

By: 
Robert J. Arkenberg, Owner

Date: 12-29-2022

UPDATED (10/4/2022)



Mid Valley Title & Escrow Company

601 Main Street, Chico, CA 95928

Affiliated with

First American Title Insurance Company

Escrow Officer: Heidi Gomez
Phone: (530)879-2520
Fax No.: (866)739-4927
E-Mail: hgomez@firstam.com

E-Mail Loan Documents to: ChicoEdocs.ca@firstam.com

Title Officer: Vicki Petrucha
Phone: (530)893-5644
Fax No.: (530)893-1853
E-Mail: vpetrucha@firstam.com

Buyer: Pacific West Communities Inc.
Owner: Arkenberg Trust
Property: 5975 Maxwell Units 1-44
Paradise, CA 95969

PRELIMINARY REPORT

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

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

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

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

Please be advised that any provision contained in this document, or in a document that is attached, linked or referenced in this document, that under applicable law illegally discriminates against a class of individuals based upon personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or any other legally protected class, is illegal and unenforceable by law.

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

Mid Valley Title & Escrow Company

Dated as of October 03, 2022 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Standard Owner Policy

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

Robert J. Arkenberg and Betty Jo Arkenberg, Co-Trustees of The Arkenberg Family Trust dated January 20, 2010

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A condominium in fee, as defined in Section 783 of the California Civil Code.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments. Report to follow. Please verify before closing.

Affects: APN's 053-380-001 through 044
2. General and special taxes and assessments for the fiscal year 2022-2023 are exempt.

Affects: APN 053-380-099.
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

RE-CHECK SUPPLEMENTAL TAXES PRIOR TO THE CLOSE OF ESCROW.

4. The herein described land lies within the bounds of Paradise Irrigation District.

Note: For any amounts due, contact:
Paradise Irrigation District
6332 Clark Road
Paradise, CA 95969
Phone: 530 877-4971

5. The herein described land lies within the bounds of Wastewater Design Assessment District, Town of Paradise, as contained in Document Recorded December 28, 1990, under Butte County Recorder's Serial No. 90-55251.

Note: For Assumption or Payoff Figures call Town of Paradise, two (2) weeks prior to close of escrow.

Fax #: (530) 877-5059

Amendment thereof Recorded July 16, 1991, under Butte County Recorder's Serial No. 91-28799.

Notice of Discharge of Assessment Lien, recorded December 12, 1991 as Serial No. 91-0051163, of Official Records. Affects Units 13 and 33.

Notice of Discharge of Assessment Lien, recorded August 29, 2002 as Serial No. 2002-0045076 of Official Records. Affects Units 1-4, 7, 9-12, 15-19, 21-23, 25-32, 35-37, 39-42 and 44.

6. Charges and assessments which may be levied against said land by Central Park Homeowner's Association.

NOTE: At time of ordering demand, HOA demand fees are required to be paid.

7. An easement for public utilities and incidental purposes in the document recorded October 19, 1938 as Book 208, Page 279 of Official Records.

Affects the common area.

8. An easement for road purposes and incidental purposes in the document recorded August 26, 1948 as Book 488, Page 299 of Official Records.

Affects the common area.

9. An easement for public utilities and incidental purposes in the document recorded January 5, 1950 as Book 528, Page 354 of Official Records.

Affects the common area.

10. An easement for road purposes and incidental purposes in the document recorded September 12, 1957 as Book 898, Page 471 of Official Records.

Affects the common area.

11. An easement for storm drainage and incidental purposes in the document recorded April 12, 1973 as Book 1828, Page 356 of Official Records.

Affects the common area.

12. Dedications, reservations, and note(s) if any, for specific purposes as set forth on the Map filed September 19, 1973, in Book 43, at Page(s) 21 and 22, of Maps .

13. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded September 21, 1973 as Book 1864, Page 526 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction, if any, indicating a preference, limitation, or discrimination based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, handicap, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, to the extent that such covenants, conditions or restrictions violate applicable state or federal laws. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

14. An easement for pipeline and incidental purposes in the document recorded November 26, 1973 as Book 1876, Page 201 of Official Records.

Affects the common area.

15. With respect to the trust referred to in the vesting:
- a. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
 - b. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
 - c. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

VP:ljh/md

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. The Vestee herein acquired Title by Document (s) Recorded December 11, 2020 as Serial No. 2020-0051651.

The map attached, if any, may or may not be a survey of the land depicted hereon. Mid Valley Title & Escrow Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the Town of Paradise, County of Butte, State of California, described as follows:

A CONDOMINIUM COMPRISED OF:

PARCEL I:

AN UNDIVIDED 44/44 INTEREST, AS TENANT IN COMMON IN AND TO THE COMMON AREA OF "CENTRAL PARK CONDOMINIUMS", OFFICIAL MAP OF WHICH WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF BUTTE, STATE OF CALIFORNIA, ON THE 10TH DAY OF SEPTEMBER 1973, IN MAP BOOK 43, AT PAGES 21 AND 22, SAID COMMON AREA BEING ALL THAT REAL PROPERTY INCLUDED WITHIN THE BOUNDARY LINES OF SAID "CENTRAL PARK CONDOMINIUMS", EXCEPTING HOWEVER, CONDOMINIUM UNITS 1 THROUGH 44, INCLUSIVE, AS NUMBERED AND DESIGNATED ON THAT CERTAIN CONDOMINIUM PLAN MARKED "EXHIBIT A", AND ATTACHED TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND CONDOMINIUM PLAN FOR THE CENTRAL PARK CONDOMINIUMS WHICH SAID DECLARATION WAS RECORDED ON THE 21ST DAY OF SEPTEMBER 1973, IN BOOK 1864, PAGES 526 THROUGH 575 OFFICIAL RECORDS OF BUTTE COUNTY.

PARCEL II:

UNITS 1 THROUGH 44, AS SHOWN ON THAT CERTAIN CONDOMINIUM PLAN MARKED "EXHIBIT A" AND ATTACHED TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND CONDOMINIUM PLAN FOR THE "CENTRAL PARK CONDOMINIUMS", WHICH SAID DECLARATION WAS RECORDED ON THE 21ST DAY OF SEPTEMBER, 1973, IN BOOK 1864, PAGES 526 THROUGH 575, OFFICIAL RECORDS OF BUTTE COUNTY.

THIS DEED IS MADE AND ACCEPTED UPON THE COVENANTS, CONDITIONS AND RESTRICTIONS AS SET FORTH IN THAT CERTAIN DECLARATION OF RESTRICTIONS RECORDED SEPTEMBER 21, 1973, IN BOOK 1864, PAGE 526, OFFICIAL RECORDS, ALL OF WHICH ARE INCORPORATED HEREIN BY REFERENCE THERETO WITH THE SAME FORCE AND EFFECT AS THOUGH FULLY SET FORTH HEREIN AT LENGTH AND GRANTEES BY ACCEPTANCE OF THIS DEED APPROVE, ADOPT, RATIFY AND AGREE TO THE TERMS OF SAID DECLARATION.

APN: 053-380-001 THROUGH 044 and 053-380-099

NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local Mid Valley Title & Escrow Company Office for more details.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date
 - (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

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

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

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

EXCEPTIONS FROM COVERAGE

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

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

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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

EXCEPTIONS FROM COVERAGE

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

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

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

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

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

9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
- (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



Privacy Notice

Effective: October 1, 2019

Notice Last Updated: January 1, 2021

This Privacy Notice describes how First American Financial Corporation and its subsidiaries and affiliates (together referred to as "First American," "we," "us," or "our") collect, use, store, and share your information. This Privacy Notice applies to information we receive from you offline only, as well as from third parties, when you interact with us and/or use and access our services and products ("Products"). For more information about our privacy practices, including our online practices, please visit <https://www.firstam.com/privacy-policy/>. The practices described in this Privacy Notice are subject to applicable laws in the places in which we operate.

What Type Of Information Do We Collect About You? We collect a variety of categories of information about you. To learn more about the categories of information we collect, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Collect Your Information? We collect your information: (1) directly from you; (2) automatically when you interact with us; and (3) from third parties, including business parties and affiliates.

How Do We Use Your Information? We may use your information in a variety of ways, including but not limited to providing the services you have requested, fulfilling your transactions, comply with relevant laws and our policies, and handling a claim. To learn more about how we may use your information, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Share Your Information? We do not sell your personal information. We only share your information, including to subsidiaries, affiliates, and to unaffiliated third parties: (1) with your consent; (2) in a business transfer; (3) to service providers; and (4) for legal process and protection. To learn more about how we share your information, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Store and Protect Your Information? The security of your information is important to us. That is why we take commercially reasonable steps to make sure your information is protected. We use our best efforts to maintain commercially reasonable technical, organizational, and physical safeguards, consistent with applicable law, to protect your information.

How Long Do We Keep Your Information? We keep your information for as long as necessary in accordance with the purpose for which it was collected, our business needs, and our legal and regulatory obligations.

Your Choices We provide you the ability to exercise certain controls and choices regarding our collection, use, storage, and sharing of your information. You can learn more about your choices by visiting <https://www.firstam.com/privacy-policy/>.

International Jurisdictions: Our Products are offered in the United States of America (US), and are subject to US federal, state, and local law. If you are accessing the Products from another country, please be advised that you may be transferring your information to us in the US, and you consent to that transfer and use of your information in accordance with this Privacy Notice. You also agree to abide by the applicable laws of applicable US federal, state, and local laws concerning your use of the Products, and your agreements with us.

We may change this Privacy Notice from time to time. Any and all changes to this Privacy Notice will be reflected on this page, and where appropriate provided in person or by another electronic method. **YOUR CONTINUED USE, ACCESS, OR INTERACTION WITH OUR PRODUCTS OR YOUR CONTINUED COMMUNICATIONS WITH US AFTER THIS NOTICE HAS BEEN PROVIDED TO YOU WILL REPRESENT THAT YOU HAVE READ AND UNDERSTOOD THIS PRIVACY NOTICE.**

Contact Us dataprivacy@firstam.com or toll free at 1-866-718-0097.



For California Residents

If you are a California resident, you may have certain rights under California law, including but not limited to the California Consumer Privacy Act of 2018 ("CCPA"). All phrases used in this section shall have the same meaning as those phrases are used under California law, including the CCPA.

Right to Know. You have a right to request that we disclose the following information to you: (1) the categories of **personal information** we have collected about or from you; (2) the categories of sources from which the **personal information** was collected; (3) the business or commercial purpose for such collection and/or disclosure; (4) the categories of third parties with whom we have shared your **personal information**; and (5) the specific pieces of your **personal information** we have collected. To submit a verified request for this information, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097.

Right of Deletion. You also have a right to request that we delete the **personal information** we have collected from and about you. This right is subject to certain exceptions available under the CCPA and other applicable law. To submit a verified request for deletion, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097.

Verification Process. For either a request to know or delete, we will verify your identity before responding to your request. To verify your identity, we will generally match the identifying information provided in your request with the information we have on file about you. Depending on the sensitivity of the information requested, we may also utilize more stringent verification methods to verify your identity, including but not limited to requesting additional information from you and/or requiring you to sign a declaration under penalty of perjury.

Notice of Sale. We do not sell California resident information, nor have we sold California resident information in the past 12 months. We have no actual knowledge of selling the information of minors under the age of 16.

Right of Non-Discrimination. You have a right to exercise your rights under California law, including under the CCPA, without suffering discrimination. Accordingly, First American will not discriminate against you in any way if you choose to exercise your rights under the CCPA.

Notice of Collection. To learn more about the categories of **personal information** we have collected about California residents over the last 12 months, please see "What Information Do We Collect About You" in <https://www.firstam.com/privacy-policy>. To learn about the sources from which we have collected that information, the business and commercial purpose for its collection, and the categories of third parties with whom we have shared that information, please see "How Do We Collect Your Information", "How Do We Use Your Information", and "How Do We Share Your Information" in <https://www.firstam.com/privacy-policy>.

Notice of Sale. We have not sold the **personal information** of California residents in the past 12 months.

Notice of Disclosure. To learn more about the categories of **personal information** we may have disclosed about California residents in the past 12 months, please see "How Do We Use Your Information" and "How Do We Share Your Information" in <https://www.firstam.com/privacy-policy>.

Addendum D

Comparable Data

Land Sales

Location & Property Identification

Property Name: Oak Valley Villas Site
 Sub-Property Type: Residential, Multifamily
 Address: 14795 Burns Valley Rd.
 City/State/Zip: Clearlake, CA 95422
 County: Lake
 Market Orientation: Rural
 IRR Event ID: 2952290



Sale Information

Sale Price: \$1,500,000
 Effective Sale Price: \$1,500,000
 Sale Date: 05/17/2022
 Recording Date: 05/23/2022
 Sale Status: Closed
 \$/Acre(Gross): \$297,030
 \$/Land SF(Gross): \$6.82
 \$/Acre(Usable): \$297,030
 \$/Land SF(Usable): \$6.82
 \$/Unit: \$18,750 /Apt. Unit
 Grantor/Seller: City of Clearlake
 Grantee/Buyer: Clearlake Burns Valley Road LP

Land-SF(Usable/Gross): 219,978/219,978
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 80
 Zoning Code: MUX
 Zoning Desc.: Mixed-Use Zone
 Source of Land Info.: Public Records

Comments

Sale of a vacant site in Clearlake. During escrow, the buyer secured all development entitlements at their own expense to develop an 80-unit affordable housing property that will be restricted to 30%-60% AMI for Lake County.

Property Rights: Fee Simple
 Financing: Cash to seller
 Conditions of Sale: Arm's-length
 Document Type: Deed
 Recording No.: 2022.7293
 Verified By: Mary Amey, MAI
 Verification Date: 11/30/2022
 Verification Type: Secondary Verification
 Secondary Verific. Source: Public Records, CTCAC

Improvement and Site Data

MSA: Clearlake, CA Micro MSA
 Legal/Tax/Parcel ID: 010-026-29-00
 Acres(Usable/Gross): 5.05/5.05

Location & Property Identification

Property Name:	6656 Pentz Road
Sub-Property Type:	Residential, Mobile Home Park
Address:	6656 Pentz Rd.
City/State/Zip:	Paradise, CA 95969
County:	Butte
Market Orientation:	Small Town - Non Metro
IRR Event ID:	2971184



Sale Information

Sale Price:	\$1,200,000
Effective Sale Price:	\$1,200,000
Sale Date:	01/05/2022
Sale Status:	Closed
\$/Acre(Gross):	\$101,266
\$/Land SF(Gross):	\$2.32
\$/Unit:	\$18,750 /Potential Unit
Grantor/Seller:	Ponderosa Mhc, LLC
Grantee/Buyer:	Paradise Ridge Mhc, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2022.38256
Verification Type:	Secondary Verification

Comments

This property was previously identified as the Ponderosa Mobile Home Park. It was one of 37 parks partially or completely destroyed by the Camp Fire in 2018. This property was purchased by an owner/operator of other mobile home parks in Paradise. According to the broker, all infrastructure and onsite improvements were destroyed by the fire and the cost of rebuilding this park was near \$40,000 per space. Prior to this transaction, the seller had incurred more than half of these costs, leaving approximately \$1,000,000 to be completed by the buyer in order to create a leasable project.

Improvement and Site Data

Legal/Tax/Parcel ID:	050-240--078 and 079
Acres(Gross):	11.85
Land-SF(Gross):	516,186
No. of Units (Potential):	64
Zoning Code:	C-2
Zoning Desc.:	Commercial
Source of Land Info.:	Public Records

Location & Property Identification

Property Name:	Deer Creek Land Site
Sub-Property Type:	Residential, Multifamily
Address:	SEC Bruce Road & Highway 32
City/State/Zip:	Chico, CA 95928
County:	Butte
Market Orientation:	Suburban
IRR Event ID:	2756493



Sale Information

Sale Price:	\$4,500,000
Effective Sale Price:	\$4,500,000
Sale Date:	12/30/2021
Contract Date:	04/13/2020
Sale Status:	Closed
\$/Acre(Gross):	\$403,950
\$/Land SF(Gross):	\$9.27
\$/Unit:	\$22,059 /Apt. Unit
Grantor/Seller:	Lendco, LLC
Grantee/Buyer:	Chico Associates, II
Property Rights:	Fee Simple
Financing:	Cash to seller
Verified By:	Krista Castro
Verification Date:	12/01/2021
Confirmation Source:	John Nicolas TPC Housing
Verification Type:	Confirmed-Buyer

Comments

Purchase is for a total of 11.14 acres. The purchase states the price will be a minimum of \$4,500,000, or \$20,000 per approved unit. The entire 11.14 acre is approved for a total of 204 units (equates to a total of \$4,080,000). Buyer secured entitlements during escrow period. Contract date was in April 2020 and close of escrow was year-end 2021.

Improvement and Site Data

Legal/Tax/Parcel ID:	18 600 082 (portion)
Acres(Gross):	11.14
Land-SF(Gross):	485,258
No. of Units (Potential):	204
Zoning Code:	R-2
Zoning Desc.:	Multifamily Residential
Source of Land Info.:	Owner

Location & Property Identification

Property Name:	Konocti Gardens Site
Sub-Property Type:	Residential, Multifamily
Address:	3930 Old Highway 53
City/State/Zip:	Clearlake, CA 95422
County:	Lake
Market Orientation:	Rural
IRR Event ID:	2952289



Sale Information

Sale Price:	\$1,550,000
Effective Sale Price:	\$1,550,000
Sale Date:	12/14/2021
Recording Date:	12/15/2021
Listing Price:	\$1,599,000
Sale Status:	Closed
\$/Acre(Gross):	\$136,084
\$/Land SF(Gross):	\$3.12
\$/Acre(Usable):	\$136,084
\$/Land SF(Usable):	\$3.12
\$/Unit:	\$15,196 /Apt. Unit
Grantor/Seller:	PCL Properties 1 LP
Grantee/Buyer:	CRP Konocti Gardens LP
Property Rights:	Fee Simple
Exposure Time:	30 (months)
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2021.20873
Verified By:	Mary Amey, MAI
Verification Date:	11/30/2022
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Deed, Public Records, CTCAC

Sale Analysis

Proposed Use Desc.:	MultiFamily
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Improvement and Site Data

MSA:	Clearlake, CA Micro MSA
Legal/Tax/Parcel ID:	039-560-08, 039-560-30, 039-560-51
Acres(Usable/Gross):	11.39/11.39
Land-SF(Usable/Gross):	496,148/496,148
Usable/Gross Ratio:	1.00
No. of Units (Potential):	102
Zoning Code:	HDR
Zoning Desc.:	High Density Residential
Source of Land Info.:	Public Records

Comments

Sale of a vacant site in Clearlake. During escrow, the buyer secured all development entitlements at their own expense to develop a 120-unit affordable housing property that will be restricted to 30%-60% AMI for Lake County.

Operating Data and Key Indicators

Operating Expenses:	\$840
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Location & Property Identification

Property Name: Senator Conness Apt Site
 Sub-Property Type: Residential, Multifamily
 Address: 1 Oak Valley Dev
 City/State/Zip: Chico, CA 95928
 County: Butte

 Market Orientation: Suburban

 IRR Event ID: 2740810



Source of Land Info.:

Public Records

Sale Information

Sale Price: \$4,180,000
 Effective Sale Price: \$4,180,000
 Sale Date: 11/22/2021
 Contract Date: 05/14/2020
 Sale Status: Closed
 \$/Acre(Gross): \$435,417
 \$/Land SF(Gross): \$10.00
 \$/Unit: \$25,802 /Apt. Unit
 Grantor/Seller: Thomas V. Fogarty and Mary R. Fogarty
 Grantee/Buyer: CRP Senator Conness Apartments, L.P.
 Property Rights: Fee Simple
 Financing: Cash to seller
 Verified By: Krista Castro
 Verification Date: 05/10/2021
 Confirmation Source: Seth Sterneck
 Verification Type: Confirmed-Buyer

Comments

Sale of a vacant site in Chico in the Oak Valley master planned community. Site has multifamily and commercial zoning. Buyer plans to develop a 162 unit LIHTC apartment on the property. Contract date was May 2020 and closing was in November 2021, once financing and subsidies were secured.

Improvement and Site Data

Legal/Tax/Parcel ID: 018 500 157
 Acres(Gross): 9.60
 Land-SF(Gross): 418,176
 No. of Units (Potential): 162
 Zoning Code: R3 and CC
 Zoning Desc.: Multifamily and Community Commercial

Market-Rate Improved Sales

Location & Property Identification

Property Name:	1333 W. Sycamore Street
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	1333 W. Sycamore St.
City/State/Zip:	Willows, CA 95988
County:	Glenn
Market Orientation:	Suburban
IRR Event ID:	2971568



Sale Information

Sale Price:	\$4,350,000
Effective Sale Price:	\$4,350,000
Sale Date:	12/29/2022
Listing Price:	\$4,795,000
Sale Status:	Closed
\$/SF GBA:	\$113.70
\$/SF NRA:	\$119.87
Eff. Price/Unit:	\$94,565 /Unit
Grantor/Seller:	James J Weiss Trust
Grantee/Buyer:	Spring Time LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	04986
Rent Controlled:	Yes
Rent Subsidized:	No
Verified By:	Michelle Killin
Verification Date:	12/15/2022
Confirmation Source:	Mike Weibling, Preferred Agents Real Estate
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type:	IRR Projection
Potential Gross Income:	\$612,820

Vacancy Rate:	5%
Effective Gross Income:	\$582,179
Operating Expenses:	\$258,072
Net Operating Income:	\$ 324,107
Expense Ratio:	44.33%
Reserves Included:	Yes
Management Included:	Yes
Cap Rate - Derived:	7.45%
GRM - Derived:	7.10
EGIM - Derived:	7.47

Sale Analysis

Other Adjustment:	\$250,000
Adjustment Comments:	Deferred Maintenance

Occupancy

Occupancy at Time of Sale:	100.00%
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Improvement and Site Data

Legal/Tax/Parcel ID:	001-051-007-000
GBA-SF:	38,258
NRA-SF:	36,288
Acres(Usable/Gross):	2.27/2.27
Land-SF(Usable/Gross):	98,881/98,881
Usable/Gross Ratio:	1.00
Year Built:	1975
Most Recent Renovation:	2021

Improvement and Site Data (Cont'd)

Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Stucco
No. of Buildings/Stories:	7/2
No. of Customer Parking Spaces:	99
Total Parking Spaces:	99
Park. Ratio 1000 SF GLA:	2.73
Park. Ratio 1000 SF GBA:	2.59
Parking Ratio/(Unit):	2.15
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof,Heating,AC Comm.:	Expandothane roofs (replaced 11/2021)
Shape:	Flag
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	248
Frontage Desc.:	W. Sycamore St
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
Visibility Rating:	Average
Density-Unit/Gross Acre:	20.26
Density-Unit/Usable Acre:	20.26
Bldg. to Land Ratio FAR:	0.39
Zoning Code:	R-3
Zoning Desc.:	High Density Residential
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	06021C0614D
Date:	08/05/2010
Source of Land Info.:	Public Records

Property has deferred maintenance (\$250,000) associated with the foundations for two buildings. Asking price was \$4,795,000. The buyer represents the third contract for the property as the two prior buyers backed out due to foundation issues. For this buyer, the original contract price of \$4,600,000 was adjusted to \$4,350,000 after bids were obtained for foundation repairs. The capitalization rate reported is based on an estimated NOI with market rents and expenses for the project.

Project & Unit Amenities

Comments

Project has a mix of one and two-bedroom floorplans.

Location & Property Identification

Property Name:	Kelly Apartments
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	869 Clark Ave.
City/State/Zip:	Yuba City, CA 95991
County:	Sutter
Market Orientation:	Rural
IRR Event ID:	2913452



Sale Information

Sale Price:	\$3,111,650
Effective Sale Price:	\$3,111,650
Sale Date:	12/30/2022
Listing Price:	\$3,200,000
Listing Date:	04/25/2022
Sale Status:	Closed
\$/SF GBA:	\$158.05
\$/SF NRA:	\$158.05
Eff. Price/Unit:	\$119,679 /Apt. Unit
Grantor/Seller:	Joseph M Geraldo
Grantee/Buyer:	Dhillon Mfg li, LLC
Property Rights:	Leased Fee
Exposure Time:	8 (months)
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	016577
Rent Controlled:	No
Rent Subsidized:	No
Verified By:	Krista Castro
Verification Date:	02/07/2023
Verification Type:	Secondary Verification

Operating Data and Key Indicators

Operating Data Type:	In Place
Potential Gross Income:	\$284,004

Vacancy Rate:	3%
Other Income:	\$2,400
Effective Gross Income:	\$277,884
Operating Expenses:	\$117,662
Net Operating Income:	\$ 160,222
Expense Ratio:	42.34%
Reserves Included:	Yes
Management Included:	Yes
Cap Rate - Derived:	5.15%
GRM - Derived:	10.96
EGIM - Derived:	11.20
Cap Rate - Reported:	7.33%

Occupancy

Occupancy at Time of Sale:	100.00%
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Improvement and Site Data

Legal/Tax/Parcel ID:	52-181-020
GBA-SF:	19,688
NRA-SF:	19,688
Acres(Gross):	0.67
Land-SF(Gross):	29,185
Year Built:	1963
Property Class:	C
M&S Class:	D
No. of Buildings/Stories:	2/2
No. of Units/Unit Type:	26/Apt. Units
Multi-Tenant/Condo.:	Yes/No

Improvement and Site Data (Cont'd)

Density-Unit/Gross Acre:	38.81
Bldg. to Land Ratio FAR:	0.67
Source of Land Info.:	Public Records

Unit Mix

No. of Bed- rooms	No. of Bath- rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00	3	400	1,200	6.1%
1.00	1.00	10	715	7,150	36.6%
2.00	1.00	11	839	9,229	47.3%
3.00	2.00	1	975	975	5.0%
3.00	1.00	1	975	975	5.0%
		<u>26</u>		<u>19,529</u>	

Project & Unit Amenities

Common Laundry	Central AC
Covered Parking	Carpeting
	Ceiling Fans
	Range
	Patio/Balcony/Deck
	Refrigerator
	Window Blinds/Shades

Comments

Sale of a 26 unit project in Yuba City, with a unit mix consisting of (3) studio units, (10) 1 bedroom units, (11) 2 bedroom units and (2) 3 bedroom units. Broker reports upside potential near 30% in contact rents. Per Offering Memorandum, a pro-forma cap rate based on market rent and expenses is 9.1%.

Location & Property Identification

Property Name:	Sandpiper Cove
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	375 McRae Way
City/State/Zip:	Yuba City, CA 95991
County:	Sutter
Market Orientation:	Suburban
IRR Event ID:	2971547



Sale Information

Sale Price:	\$1,600,000
Effective Sale Price:	\$16,000,000
Sale Date:	03/29/2022
Sale Status:	Closed
\$/SF GBA:	\$195.12
\$/SF NRA:	\$195.15
Eff. Price/Unit:	\$177,778 /Apt. Unit
Grantor/Seller:	Gcb Sandpiper, LLC
Grantee/Buyer:	Timothy Joseph Cahill
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	004729
Rent Subsidized:	No
Verified By:	Krista Castro
Verification Date:	02/07/2023
Confirmation Source:	Tone DeLoney - Marcus & Millichap
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type:	In Place
Net Operating Income:	\$ 752,000
Cap Rate - Derived:	4.70%

Occupancy

Occupancy at Time of Sale:	100.00%
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Improvement and Site Data

MSA:	Yuba City, CA Metropolitan Statistical Area
GBA-SF:	82,000
NRA-SF:	81,990
Acres(Gross):	4.38
Land-SF(Gross):	190,792
Year Built:	1973
Most Recent Renovation:	2021
Property Class:	C
Improvements Cond.:	Average
No. of Units/Unit Type:	90/Apt. Units
Density-Unit/Gross Acre:	20.55
Bldg. to Land Ratio FAR:	0.43
Source of Land Info.:	Public Records

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00		700		
2.00	1.00		950		

Project & Unit Amenities

Clubhouse Building	Patio/Balcony/Deck
Fitness Center	Central AC
Swimming Pool	
Common Laundry	

Comments

Project has a mix of one and two bedroom floorplans. A capitalization rate of 4.7% was reported based on in-place income as of the date of sale.



Location & Property Identification

Property Name:	Silverwood Estates
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	2 Ilahee Gln.
City/State/Zip:	Chico, CA 95973
County:	Butte
Market Orientation:	Suburban
IRR Event ID:	2971538



Sale Information

Sale Price:	\$8,250,000
Effective Sale Price:	\$8,250,000
Sale Date:	07/18/2022
Sale Status:	Closed
\$/SF GBA:	\$165.00
\$/SF NRA:	\$166.06
Eff. Price/Unit:	\$179,348 /Apt. Unit
Grantor/Seller:	William Silverwood Estates Partners, LP
Grantee/Buyer:	James Investment Partners
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	024067
Verification Type:	Secondary Verification

Operating Data and Key Indicators

Operating Data Type:	In Place
Effective Gross Income:	\$683,905
Operating Expenses:	\$304,338
Net Operating Income:	\$ 379,567
Expense Ratio:	44.50%
Reserves Included:	Yes
Management Included:	Yes
Cap Rate - Derived:	4.60%

EGIM - Derived: 12.06

Occupancy

Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	042-450-043
GBA-SF:	50,000
NRA-SF:	49,680
Acres(Gross):	3.79
Land-SF(Gross):	165,092
Year Built:	1898
Property Class:	B
No. of Units/Unit Type:	46/Apt. Units
Total Parking Spaces:	69
Park. Ratio 1000 SF GLA:	1.39
Park. Ratio 1000 SF GBA:	1.38
Parking Ratio(/Unit):	1.50
Density-Unit/Gross Acre:	12.14
Bldg. to Land Ratio FAR:	0.30
Source of Land Info.:	Public Records

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.50	46	1,080	49,680	100.0%

Unit Mix (Cont'd)

	46	49,680
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Project & Unit Amenities

Common Laundry	Washer/Dryer Hookup
Garage/Detached	Range
	Refrigerator
	Dishwasher
	Patio/Balcony/Deck

Comments

Property has all 2Bd/1.5Ba townhome floorplans with attached garage. All units have washer/dryer hookups. Property has not been renovated. Cap rate reported to be based on in-place income as of the date of sale with upside potential. Additional calls to listing broker were not returned.



Location & Property Identification

Property Name:	Woodside Terrace
Sub-Property Type:	Conventional
Address:	15-21 Ricky Ct.
City/State/Zip:	Chico, CA 95928
County:	Butte
Market Orientation:	Suburban
IRR Event ID:	2726683



Sale Information

Sale Price:	\$4,875,000
Effective Sale Price:	\$4,875,000
Sale Date:	09/30/2021
Listing Price:	\$5,500,000
Sale Status:	Closed
\$/SF GBA:	\$172.73
\$/SF NRA:	\$174.11
Eff. Price/Unit:	\$174,107 /Apt. Unit
Grantor/Seller:	Kenneth & Rosanne Anderson Trust
Grantee/Buyer:	M & L Financial Properties Inc.
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	0043803
Verification Type:	Secondary Verification

Operating Data and Key Indicators

Potential Gross Income:	\$324,000
Effective Gross Income:	\$324,000
Operating Expenses:	\$65,088
Net Operating Income:	\$ 258,912
Expense Ratio:	20.09%
Cap Rate - Derived:	5.31%

GRM - Derived:	15.05
EGIM - Derived:	15.05

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%
Number of Tenants at T.O.S.:	28

Improvement and Site Data

Legal/Tax/Parcel ID:	005-443-012-000, 005-443-013-000, 005-443-014-000, 005-443-015-000
GBA-SF:	28,224
NRA-SF:	28,000
Acres(Gross):	1.53
Land-SF(Gross):	66,646
Year Built:	1985
Property Class:	C
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Wood siding
Construction Desc.:	Wood frame
No. of Buildings/Stories:	7/2
No. of Units/Unit Type:	28/Apt. Units
Density-Unit/Gross Acre:	18.30
Bldg. to Land Ratio FAR:	0.42

Improvement and Site Data (Cont'd)

Source of Land Info.: Public Records

Unit Mix

No. of Bed- rooms	No. of Bath- rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
3.00	1.00	28	1,000	28,000	100.0%
		28		28,000	

Project & Unit Amenities

- Central AC
- Carpeting
- Dishwasher
- Disposal
- Washer/Dryer Hookup
- Patio/Balcony/Deck
- Window Blinds/Shades

Comments

This is the sale of a 28-unit multifamily property containing all three bedroom/one bathroom units. An in-place cap rate of 5.31% is calculated based on the reported NOI of \$258,912 and annual expenses of \$65,088. We derive a pro forma cap rate of 6.67% based on market rent at the time of sale and normalized expenses including a vacancy factor of 5%, and expenses inclusive of management fees and replacement reserves.



Location & Property Identification

Property Name:	Sutter Street
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	6 Sutter St.
City/State/Zip:	Red Bluff, CA 96080
County:	Tehama
Market Orientation:	Small Town - Non Metro
IRR Event ID:	2747168



Sale Information

Sale Price:	\$4,200,000
Effective Sale Price:	\$4,200,000
Sale Date:	08/25/2021
Recording Date:	08/30/2021
Sale Status:	Closed
\$/SF GBA:	\$185.84
\$/SF NRA:	\$227.64
Eff. Price/Unit:	\$116,667 /Apt. Unit
Grantor/Seller:	Jaimav Properties LLC
Grantee/Buyer:	Nicks Realty LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2021.12289
Verified By:	Mary Amey, MAI
Verification Date:	01/21/2022
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Loopnet, Broker's Income/Expense Statement, Public Records

Operating Data and Key Indicators

Operating Data Type:	In Place
Effective Gross Income:	\$406,411
Operating Expenses:	\$151,066

Net Operating Income:	\$ 255,345
Expense Ratio:	37.17%
Cap Rate - Derived:	6.08%
EGIM - Derived:	10.33

Occupancy

Occupancy at Time of Sale:	100.00%
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Improvement and Site Data

MSA:	Red Bluff, CA Micro MSA
Legal/Tax/Parcel ID:	035-060-055-000
GBA-SF:	22,600
NRA-SF:	18,450
Acres(Usable/Gross):	0.78/0.78
Land-SF(Usable/Gross):	33,976/33,976
Usable/Gross Ratio:	1.00
Year Built:	1966
Most Recent Renovation:	2020
Property Class:	B
Construction Quality:	Average
Improvements Cond.:	Good
No. of Buildings/Stories:	1/3
No. of Units/Unit Type:	36/Apt. Units
Density-Unit/Gross Acre:	46.15
Density-Unit/Usable Acre:	46.15
Bldg. to Land Ratio FAR:	0.67
Source of Land Info.:	Other

Unit Mix

No. of Bed- rooms	No. of Bath- rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00		450		
1.00	1.00		600		

Project & Unit Amenities

Laundry

Class B+ Finishout

Comments

Sale of an apartment property in Red Bluff. The property was originally constructed in 1966 and was in an uninhabitable condition when the seller acquired the property in 2018. The seller performed a full gut rehabilitation of the property, which was completed in 2020. Due to the extent of the building's rehabilitation, the property is considered new construction and is exempt from AB 1482 for the first 15 years following construction completion. Economic indicators are based on the broker's income/expense statement for the property based on actuals at the time of sale.



Market-Rate Rent Surveys

Location & Property Identification

Property Name: Camino Apartments
 Sub-Property Type: Conventional, Garden/Low Rise
 Address: 5931 Camino Ln.
 City/State/Zip: Paradise, CA 95969
 County: Butte
 Market Orientation: Small Town - Non Metro
 IRR Event ID: 2969264



Property Data

Survey Date: 02/01/2023
 No. of Units/Unit Type: 68/Apt. Units
 Property Class: B
 Vacancy @ Survey: 7.00%
 Yr. Built/Yr. Renov.: 1980/2019
 Land Size (Ac.): 10.86

Project & Unit Amenities

Unit Amenities: Patio/Balcony/Deck, Window Blinds/Shades, Attached Garage, Refrigerator, Dishwasher, Disposal, Range, Central AC
 Landlord Pays: Trash, Sewer, Water
 Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba	/1/1.0	24	INA	560	\$955	\$1.71	
2Bd/2Ba	/2/2.0	44	INA	900	\$1600	\$1.78	

Comments

530-876-1944: Each unit comes with an attached 2-car garage. No additional parking available. No concessions as of date of survey.

Location & Property Identification

Property Name:	Ridgepine Commons Apartment
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	1250 Elliot Rd.
City/State/Zip:	Paradise, CA 95969
County:	Butte
Market Orientation:	Small Town - Non Metro
IRR Event ID:	2969274



Property Data

Survey Date:	02/01/2023
No. of Units/Unit Type:	26/Apt. Units
Property Class:	B
Vacancy @ Survey:	7.00%
Yr. Built/Yr. Renov.:	1985/2021
Land Size (Ac.):	6.41

Project & Unit Amenities

Unit Amenities:	Carpeting, Central AC, Patio/Balcony/Deck, Window Blinds/Shades, Dishwasher, Disposal, Range, Refrigerator
Landlord Pays:	Trash, Sewer, Water
Tenant Pays:	In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/ Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba w/ garage	/1/1.0		INA	750	\$1295	\$1.73	New unit
1Bd/1Ba	/1/1.0		INA	750	\$1100	\$1.47	

Comments

(530) 872-1810: Open parking is included on a first come, first served basis. No concessions as of date of survey.

Location & Property Identification

Property Name: Paradise Boutique Apartments

Sub-Property Type: Conventional, Garden/Low Rise

Address: 5900 Canyon View Dr.

City/State/Zip: Paradise, CA 95969

County: Butte

Market Orientation: Small Town - Non Metro

IRR Event ID: 2970274



Property Data

Survey Date: 02/03/2023

No. of Units/Unit Type: 99/Apt. Units

Property Class: B

Vacancy @ Survey: 2.00%

Yr. Built/Yr. Renov.: 2022/

Land Size (Ac.): 15.39

Project & Unit Amenities

Project Amenities: Clubhouse Building, Common Laundry

Unit Amenities: Central AC, Range, Refrigerator

Tenant Pays: Trash, In-Unit Electric, Sewer, Water, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/0/1.0		INA	385	\$615	\$1.60	
Studio	/0/1.0		INA	571	\$640	\$1.12	
1Bd/1Ba	/1/1.0		INA	549	\$880	\$1.60	
1Bd/1Ba	/1/1.0		INA	665	\$925	\$1.39	
2Bd/2Ba	/2/2.0		INA	909	\$1250	\$1.38	

Comments

530-519-4880: All tenants pay a flat \$125 fee that covers all utilities + guest wifi. One uncovered assigned parking spot is included in rent. Limited covered parking spots (assigned by a waitlist) are available for \$10/month. Project was vacant for four years after the Camp Fire in 2018 and was previously an assisted living facility with 115 rooms. Property manager stated that out of a total 105 planned units, 45 have been completed and 44 are occupied. Property began leasing in June 2022. Phase II is under renovation as of date of survey.

Property has 105 total planned units. 6 of those will be Airbnb/short-term rental units, and 99 are standard units. As of February 2023, 45 are in Phase I and are completed. Property began leasing in June 2022.

Location & Property Identification

Property Name: Villa Monterey Apartments
 Sub-Property Type: Conventional, Garden/Low Rise
 Address: 1220 Elliott Rd.
 City/State/Zip: Paradise, CA 95969
 County: Butte
 Market Orientation: Small Town - Non Metro
 IRR Event ID: 2970316



Property Data

Survey Date: 02/03/2023
 No. of Units/Unit Type: 40/Apt. Units
 Property Class: B
 Vacancy @ Survey: 6.50%
 Yr. Built/Yr. Renov.: 1973/
 Land Size (Ac.): 5.45

Project & Unit Amenities

Project Amenities: Common Laundry
 Unit Amenities: Dishwasher, Disposal, Range, Refrigerator
 Landlord Pays: Trash, Sewer, Water
 Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba - Old	/1/1.0		INA	550	\$1005	\$1.83	
1Bd/1Ba - New	/1/1.0		INA	550	\$1100	\$2.00	
2Bd/1Ba	/2/1.0		INA	950	\$1375	\$1.45	

Comments

(530) 762-0972: Each unit comes with one assigned covered parking space. No concessions offered as of date of survey. Manager reported 2 additional units are on notice and will have move-outs soon.

Location & Property Identification

Property Name: The Courtyard Apartments
Sub-Property Type: Conventional, Garden/Low Rise
Address: 2720 Oro Dam Blvd. E.
City/State/Zip: Oroville, CA 95966
County: Butte
Market Orientation: Suburban

IRR Event ID: 2970307



Property Data

Survey Date: 02/03/2023
No. of Units/Unit Type: 26/Apt. Units
Property Class: C
Vacancy @ Survey: 15.00%
Yr. Built/Yr. Renov.: 1963/
Land Size (Ac.): 0.99

Project & Unit Amenities

Project Amenities: Common Laundry
Unit Amenities: Dishwasher, Range, Refrigerator

Landlord Pays: Trash, Sewer, Water
Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba	/1/1.0		INA	750	\$900	\$1.20	
2Bd/1Ba	/2/1.0		INA	750	\$995	\$1.33	

Comments

(530) 534-4136: No concessions offered as of date of survey.

Location & Property Identification

Property Name: Tuscan Villa Apartments
 Sub-Property Type: Conventional, Garden/Low Rise
 Address: 76 & 85 Tuscan Villa Dr.
 City/State/Zip: Oroville, CA 95965
 County: Butte
 Market Orientation: Suburban
 IRR Event ID: 2969277



Property Data

Survey Date: 02/01/2023
 No. of Buildings/Stories: 21/2
 Property Class: B
 Vacancy @ Survey: 1.00%
 Yr. Built/Yr. Renov.: 1986/2016
 Land Size (Ac.): 8.19

Project & Unit Amenities

Unit Amenities: Central HVAC, Dishwasher, Disposal, Range, Refrigerator
 Tenant Pays: Trash, In-Unit Electric, Sewer, Water, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba	4/1/1.0	6	INA	770	\$975	\$1.27	
2Bd/1Ba	5/2/1.0	96	1	900	\$1200	\$1.33	
2Bd/1.5Ba	6/2/1.5	32	INA	930	\$1200	\$1.29	

Comments

(530) 534-9655: Rental rates for the 1Bd/1Ba and 2Bd/1.5Ba units are estimates as there are no vacancies in these floorplans. Tenants reimburse \$10/month for water and \$20/month for sewer and trash. Each unit comes with a carport space included in rent. No additional parking available. No concessions as of date of survey.

Affordable Housing Rent Surveys

Location & Property Identification

Property Name: Paradise Community Village

Sub-Property Type: LIHTC

Address: 1001 Village Pky.

City/State/Zip: Paradise, CA 95969

County: Butte

Market Orientation: Small Town - Non Metro

IRR Event ID: 2971341



Property Data

Survey Date: 02/07/2023

No. of Buildings/Stories: 1/2

No. of Units/Unit Type: 36/Apt. Units

Property Class: B

Vacancy @ Survey: 0.00%

Yr. Built/Yr. Renov.: 2011/2021

Land Size (Ac.): 2.11

Project & Unit Amenities

Project Amenities: Common Laundry, Clubhouse Building, Playground

Unit Amenities: Range, Refrigerator, Dishwasher, Patio/Balcony/Deck

Landlord Pays: Trash, Sewer, Water

Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba	3/1/1.0		INA	800	\$706	\$0.88	
2Bd/1Ba	4/2/1.0		INA	1,000	\$848	\$0.85	
3Bd/2Ba	6/3/2.0		INA	1,200	\$974	\$0.81	

Comments

(530) 872-1210: No vacant units as of date of survey. Project has units restricted to 30%, 40%, 50% and 60% AMI. Only the 60% AMI rents were provided by the leasing agent, which are reported to be at maximum allowable rates. The property was originally constructed in 2013 and destroyed in the fire. The 36 units were rebuilt in 2021. It was reported that lease-up took approximately 6 months.

Location & Property Identification

Property Name: Olive Ranch Apartments
 Sub-Property Type: LIHTC
 Address: 95 Tuscany Dr.
 City/State/Zip: Oroville, CA 95965
 County: Butte
 Market Orientation: Rural
 IRR Event ID: 2971357



Property Data

Survey Date: 02/07/2023
 No. of Units/Unit Type: 93/Apt. Units
 Property Class: A-
 Vacancy @ Survey: 100.00%
 Yr. Built/Yr. Renov.: 2023/
 Land Size (Ac.): 5.89

Project & Unit Amenities

Project Amenities: Common Laundry, Playground, Clubhouse Building
 Unit Amenities: Range, Refrigerator, Dishwasher, Patio/Balcony/Deck
 Landlord Pays: Trash, Sewer, Water
 Tenant Pays: In-Unit Electric

Unit Mix

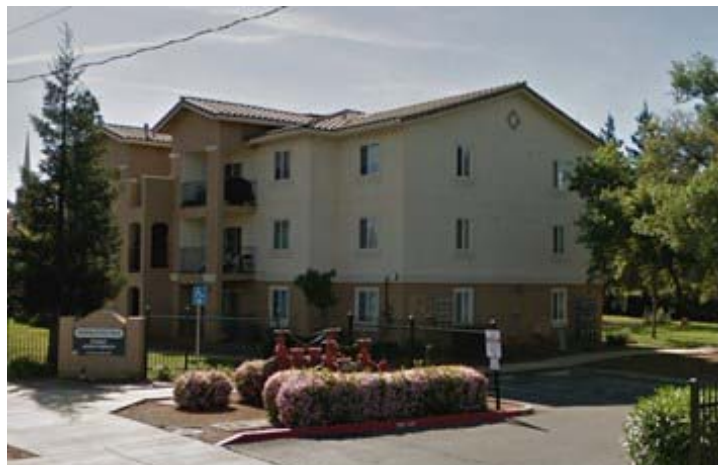
Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1Bd/1Ba - 60% AMI	3/1/1.0		INA	650	\$719	\$1.11	
2Bd/2Ba - 60% AMI	5/2/2.0		INA	929	\$870	\$0.94	
3Bd/2Ba - 60% AMI	6/3/2.0		INA	1,083	\$995	\$0.92	

Comments

(530) 781-3348: Property is under construction and conducting pre-leasing. All units will be completed in April 2023. Units will be leased at 30%, 40%, 50% and 60% AMI levels. Leasing agent provided the 60% AMI rents and stated that all units will be leased at maximum allowable levels. Based on the pre-leasing to-date, all units are expected to be leased upon completion of construction.

Location & Property Identification

Property Name: Sierra Village
 Sub-Property Type: LIHTC
 Address: 23 Nelson Ave.
 City/State/Zip: Oroville, CA 95965
 County: but
 Market Orientation: Suburban
 IRR Event ID: 2969279



Property Data

Survey Date: 02/01/2023
 No. of Units/Unit Type: 61/Apt. Units
 Property Class: B
 Vacancy @ Survey: 5.00%
 Yr. Built/Yr. Renov.: 2005/
 Land Size (Ac.): 5.75

Project & Unit Amenities

Project Amenities: Common Laundry, Playground, Clubhouse Building
 Unit Amenities: Range, Dishwasher, Patio/Balcony/Deck, Refrigerator
 Landlord Pays: Trash, Sewer, Water
 Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
2Bd/1Ba-30%AMI	4/2/1.0		INA	900	\$382	\$0.42	
2Bd/1Ba-40%AMI	4/2/1.0		INA	900	\$558	\$0.62	
2Bd/1Ba-50%AMI	4/2/1.0		INA	900	\$733	\$0.81	
2Bd/1Ba-60%AMI	4/2/1.0		INA	900	\$909	\$1.01	
3Bd/2Ba-30%AMI	6/3/2.0		INA	1,058	\$436	\$0.41	
3Bd/2Ba-40%AMI	6/3/2.0		INA	1,058	\$639	\$0.60	
3Bd/2Ba-50%AMI	6/3/2.0		INA	1,058	\$842	\$0.80	
3Bd/2Ba-60%AMI	6/3/2.0		INA	1,058	\$1044	\$0.99	
4Bd/2Ba-50%AMI	7/4/2.0		INA	1,217	\$933	\$0.77	
4Bd/2Ba-60%AMI	7/4/2.0		INA	1,217	\$1159	\$0.95	

Comments

(530) 532-0302: Property is leasing at maximum LIHTC rents. Waitlist is currently open with no estimate of length.

Location & Property Identification

Property Name: Murphy Commons
 Sub-Property Type: LIHTC
 Address: 1290 Notre Dame Blvd.
 City/State/Zip: Chico, CA 95928
 County: Butte
 Market Orientation: Suburban
 IRR Event ID: 2970311



Property Data

Survey Date: 02/03/2023
 No. of Units/Unit Type: 86/Apt. Units
 Property Class: A-
 Vacancy @ Survey: 8.00%
 Yr. Built/Yr. Renov.: 2008/
 Land Size (Ac.): 4.59

Project & Unit Amenities

Project Amenities: Common Laundry, Clubhouse Building, Playground
 Unit Amenities: Range, Dishwasher, Central AC, Patio/Balcony/Deck, Refrigerator
 Landlord Pays: Trash, Sewer, Water
 Tenant Pays: In-Unit Electric, Gas

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
2Bd/1Ba-40%AMI	4/2/1.0		INA	769	\$536	\$0.70	
2Bd/1Ba-50%AMI	4/2/1.0		INA	769	\$697	\$0.91	
2Bd/1Ba-60%AMI	5/2/1.5		INA	900	\$854	\$0.95	
3Bd/2Ba-40%AMI	6/3/2.0		INA	1,160	\$610	\$0.53	
3Bd/2Ba-50%AMI	6/3/2.0		INA	1,160	\$795	\$0.69	
3Bd/2Ba-60%	/3/2.0		INA	1,160	\$974	\$0.84	
4Bd/2Ba-40%AMI	7/4/2.0		INA	1,200	\$670	\$0.56	
4Bd/2Ba-50%AMI	7/4/2.0		INA	1,200	\$893	\$0.74	

Comments

(530) 343-2286: Property has an open waitlist. Average wait time was estimated by the leasing agent to be 1.5-2 years. for 2-3Bd units and 3+ for 4Bd units. They are at the max allowable rates.

Addendum E

Engagement Letter



W-23-00085-01-01

KeyBank National Association
Freddie Mac Appraisal Engagement Letter

Jan 25, 2023

INTEGRA REALTY RESOURCES SACRAMENTO

JEFFREYFILLMORE

555 Meridian Avenue #C

San Jose, CA95126

Re: Engagement Letter for Appraisal Assignment

Dear JEFFREY FILLMORE,

KeyBank National Association ("KeyBank NA") is processing a loan application pursuant to the Federal Home Loan Mortgage Corporation's ("Freddie Mac") program. We are engaging your services for the appraisal of the referenced property as indicated in the addendum to this letter. Your engagement is as an independent contractor and not as an employee or agent of KeyBank. The appraisal assignment must conform to the requirements of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP); comply with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA); comply with the current Freddie Mac requirements and adhere to all applicable local, state and federal regulations pertaining to appraisal practices and procedures. In addition, the assignment and report must comply with KeyBank's Master Agreement for Appraisal and Consulting Services, KeyBank's General Appraisal Requirements, and KeyBank's Supplemental Appraisal Requirements (as applicable). These documents are accessible in the KRETS Ordering System (KOS).

It is understood and agreed that this engagement is between KeyBank and the Appraiser signing the Engagement Letter and Addendum documents as the principal appraiser. The appraiser must sign and take responsibility of the reports as principal appraiser. This does not preclude participation in the Appraisal Service process by other licensed associates of the firm. However, the signatory appraiser and all additional appraisers signing the certification must include a copy of their license in the Addenda of the appraisal report.

The appraisal may not be subcontracted to an outside individual or firm without prior written consent by the KRETS officer. By accepting this appraisal assignment, you and all members of your organization certify that they have no direct or indirect interest, financial or otherwise, in the property or transaction, or relationship with the ownership or borrower. Moreover, you certify that you have not had a prior appraisal assignment relating to the subject property within the past three years or said assignment has been disclosed to the KRETS officer prior to accepting this assignment.

Timing and Fee of Appraisal Assignment: It is our understanding that the fee for this assignment includes all expenses and an allowance for any technical assistance you feel necessary or appropriate. A complete (signed) unprotected electronic document should be delivered to the undersigned no later than the specified due date via uploading to the KeyBank KOS portal. The number of delivery bound original report copies is as specified in the



addendum to this engagement. It is understood that the deadline for the appraisal or report delivery is as stated in the RFP and that time is of the essence. Should the appraisal not be delivered on or before this date, KeyBank reserves the right, at its sole discretion, to either cancel the assignment for cause without payment of the fee or deduct a penalty of three percent (3%) per business day until the appraisal is received. Additionally, KeyBank reserves the right to cancel this assignment if the underlying loan or financing circumstance should so warrant. Upon cancellation, payment of the fee will be limited to actual time spent and any out-of-pocket expenses incurred up to the date of termination.

All personnel associated with the assignment will be available to discuss any concerns we might have regarding the analysis and value conclusions. The correction of errors or omissions in appraisal and/or consultation reports, as requested by KeyBank and agreed by the Signatory is an integral aspect of the Appraisal Service Process. As such, any agreed corrections or amendments to the report will be accomplished and delivered to KRETS within five (5) business days of notification, unless agreed otherwise. Similar to the Late Penalty for unexcused late delivery of the report, the Appraisal Service Fee may be adjusted negatively at a rate of 3% per business day for every day the corrected report is overdue beyond the stated five business day delivery date.

Property Contact / Information: Please arrange an inspection of the property and make your initial request for information with the property contact listed in the addendum to this letter. Your initial request for information should be made in writing within five business days of receipt of this letter and a copy of the request should be emailed to the undersigned. Any questions regarding this assignment should be e-mailed to the undersigned at jeff_davis@keybank.com.

A discounted cash flow (DCF) analysis using the most recent version of ARGUS is required for all properties with five (5) or more leases (excludes multi-family). A copy of the ARGUS data file should be uploaded to the KOS upon completion along with your completed report. KRETS must approve of the decision to omit this approach or alternative analysis program.

Confidentiality: Your client is KeyBank. Unless authorized by the undersigned, you may not disclose confidential data or assignment results, including the value conclusion, to anyone other than the undersigned. Confidential data or assignment results should not be shared with the owner of the property, our borrower, or any other individual connected directly or indirectly to this transaction.

KeyBank will provide you with information related to this assignment, some of which we regard as highly confidential. Any and all information provided to you from KeyBank or related parties to this assignment must be kept confidential, regardless of whether the information is designated as "Confidential Information." By accepting the assignment, you agree to keep all information confidential.

Any and all information about customers of KeyBank, of any nature whatsoever, must be considered confidential. This includes but is not limited to customer financial information, the existence of a relationship or potential relationship between KeyBank and customers. Some of the information provided to you may not be confidential if:

- it was known to you before KeyBank or the customer provided it to you; or
- it was public knowledge before KeyBank or the customer provided it to you; or
- it becomes available from a third party, not subject to any restrictions, after KeyBank or customer provided it to you.

You must protect the Confidential Information provided to you using a reasonable degree of care to prevent the unauthorized disclosure of such Confidential Information and must take reasonable steps to safeguard access to all confidential information by unnaturalized individuals. You can disclose the Confidential Information to your employees, but you must tell them that the information is confidential and must be maintained that way. You may use KeyBank's Confidential Information only:

- for the purpose of completing your assignment, and
- for the purpose of meeting your professional obligations.

Your obligation to maintain the confidentiality of KeyBank's Confidential Information continues even after the completion of your assignment, except that you have the right to use the Confidential Information to fulfill your professional obligations with respect to mandated file retention and disclosure for purposes of peer review.

If you are, or may be, required by a court or a governmental agency to disclose any Confidential Information, you agree to notify KeyBank before you make any disclosure.

If a representative of KeyBank inquires as to what provisions you have made to keep KeyBank's information confidential, you agree to disclose in detail what steps you have taken and are taking to ensure confidentiality.



If you have any questions about your obligations as set forth above, or about how to meet your obligations set forth above, contact Jeff V. Davis at jeff_davis@keybank.com immediately. Jeff V. Davis will assist you in meeting your obligations if at all possible. It is essential that KeyBank's Confidential Information be maintained as confidential.

Acceptance: Your acceptance of this award through the KOS serves as your acceptance of the assignment. A copy of the fully executed engagement letter must be included in the addenda of each copy of the final appraisal report.

During the course of this assignment, if you determine that changes to the terms of this agreement or requested scope of work are necessary, please contact the undersigned in writing. Any changes to this engagement must be authorized by Jeff V. Davis.

Delivery Instructions: Please upload the final appraisal report including all addendum to the KOS. Additionally, please deliver additional copies of the final appraisal report as instructed in the addendum of this engagement letter.

Sincerely,

Jeff V. Davis

KeyBank National Association

237 Van Rensselaer St

Buffalo, NY 14210

716-843-1827

Agreed and Accepted:

Jeffrey W. Fillmore, MAI
JEFFREYFILLMORE

1/25/2023
1/25/2023



ADDENDUM TO ENGAGEMENT LETTER - RIMS PROJECT W-23-00085-01-01

PROPERTY DATA

Project Name:	Eaglepoint Paradise Apartments
Borrower:	Pacific West Communities, LLC
Property Contact:	Bjorn Doskeland, Property Contact Phone: 208-908-4866 BjornD@tpchousing.com
Property Type:	Multi-FamilyLIHTC Tax Credits
Property Description:	Current vacant land that will be developed as a new construction, 43-unit LIHTC project
Property Comment:	Project will be a mix of one-, two-, and three-bedroom units that are income restricted at 60% AMI.
Current Use:	Vacant Land
Property Documents:	Paradise Financial Pro Forma .pdf
Land Size:	6.53Acres
Excess Land Size:	0Acres
Ground Lease:	No
Listed For Sale:	No
Listed Sale Amount:	\$0
Number of Buildings:	6
Number of Stories:	2
Pending Sale:	No
Primary Building Size:	43Units
Secondary Building Size:	0SF
Proposed Renovation:	No
Property Status:	Proposed Construction
Property Tenancy:	NA



Year Built: 2024

Occupancy: 0

Parcel Number(s): 11111111

Appraisal Fee: \$6,500.00

Due Date: 2/8/2023

Job Manager: Jeff V. Davis, MAI, AI-GRS.
716-843-1827
237 Van Rensselaer St
Buffalo, NY 14210
jeff_davis@keybank.com

Report Address: Jeff Davis, MAI, AI-GRS
KeyBank NA
237 Van Rensselaer St
Buffalo, NY 14210

DELIVERY INSTRUCTIONS AND RFP INFORMATION

Electronic Copies: 1 - Uploaded into RIMS upon completion, along with all supporting files.

Hard Copies: As needed upon request

Report Type: See RFP

Report Format: See RFP

Intended Use: Description: The intended use of this appraisal is for loan underwriting - and or - credit decisions by bank.

Intended User: Description: The intended users of this report are KeyBank and Freddie Mac.

Approaches to Value: Description: Sales Comparison Approach

Description: Income Approach

Description: Cost Approach



Level of Market Analysis: Description: Level C - Detailed and subject specific market analysis utilizing historical and future oriented forecasting techniques to estimate projected supply, demand and capture rates for the subject. As defined in Market Analysis for Valuation Appraisals, Published by the Appraisal Institute 1994

Inspections Requirements: Description: A State Certified General Appraiser must inspect the interior and exterior of the subject property, as well as an inspection of all comparable properties utilized and sign the report.

Additional Work Scope: Please provide the insurable replacement cost per building within 10 days of engagement. Please review borrower's operating budget and incorporate it within the appraisal. The appraiser must contact the KeyBank representative if the original Scope of Work and appraisal fee needs to be modified to reflect a change in the scope of work and additional valuation scenario. Land value and Cost Approach are required.

Report File Type: The vendor is required to produce report(s) in PDF format. If the vendor can produce data files compatible with CLOSER Xchange Wizard (JSON) it is required that reports are uploaded into RIMS using one of the compatible file types, in addition to the PDF format. Further, the layout of the file will comply with current standards outlined by CJC Technologies (currently schema v2.0). Any technical issues or questions can be directed to Chris McArdle, cmcardle@cjcweb.com, at CJC Technologies. This capability or lack thereof has no impact on the bidding process. Awards are solely based on fee, timing, and relevant feedback from the vendors during the bidding course of action.

Valuation Scenario(s)	Premise	Qualifier	Interest
	Market Value	As-Is	Fee Simple
	Insurable Replacement Cost Estimate	Upon Completion of Construction	NA
	Prospective Market Value	Upon Completion of Construction	Leased Fee
	Prospective Market Value	Upon Stabilization	Leased Fee
	Hypothetical Market Value	As If - Stabilized as of App Date	Leased Fee
	Hypothetical Market Value	Upon Completion of Construction	Leased Fee
	Hypothetical Market Value	Upon Stabilization	Leased Fee
	Hypothetical Market Value	As If - Stabilized as of App Date	Leased Fee
	Market Value	NA	Favorable Financing
	Market Value	NA	Tax Credits

RFP Comments: Include geographical competency. Number of LIHTC appraisals completed in the past 2 years and list two appraisals located in the subject market/region.

- Please refer to the following reference documents:
1. KeyBank's Appraisal Master Services Agreement
 2. KeyBank's General Appraisal Requirements
 3. Freddie Mac Program Plus Cash Program Engagement
 4. Freddie Mac Supplemental Requirements
 5. Freddie Mac Additional Information Form
 6. Freddie Mac Seller Service Guide Chapter 12
 7. LIHTC Supplemental requirements

The signatory appraiser should inspect the subject property. However; at minimum, a state licensed appraiser/representative of the firm must inspect the subject property and the signatory appraiser must sign the report. Please use the RIMS signatory field to



inform KRETS who will be signing the report. The signatory should be the primary or one of the primary appraisers responsible for directly developing and writing the appraisal report. The signatory appraiser is expected to be accountable for the overall analysis and the value conclusion(s). Any deviations need to be approved by KRETS prior to accepting the assignment.

Anyone signing the Appraisal must comply with the requirements of Chapter 12 (Freddie Mac Seller Servicing Guide) At least one appraiser signing the report must have made both an interior and exterior inspection of the Property. The interior inspection must include interior common areas, community amenities, a sample of unit interiors and commercial suites performed within the requirements of Chapter 12 (Freddie Mac Seller Servicing Guide).

When accepting an award for a portfolio, the vendor agrees to upload separate invoices with unique invoice numbers into each task sequence. An invoice uploaded with multiple charges for multiple reports, will not be approved for payment.

Award Comments:

None



FREDDIE MAC ADDITIONAL APPRAISAL INFORMATION

PROPERTY IDENTIFICATION

Property Name: Eaglepointe Apartments Census Tract Number: 002100/1002
 Address: 5975 Maxwell Drive
 City/County: Paradise, Butte County
 State/Zip Code: CA 95969
 Gross Building Area: 37,594 Sq. Ft.
 Net Rentable Area: 35,891 Sq. Ft.

NEIGHBORHOOD AND MARKETING AREA

<u>Present Land Use:</u>		<u>Item:</u>	<u>Distance From Subject</u>
Vacant Land:	<u>50</u> %	Public Transportation:	<u>0.19 mile</u>
Single Family:	<u>25</u> %	Employment Centers:	<u>0.5 mile</u>
Condominiums:	<u>0</u> %	Shopping Facilities:	<u>1 mile</u>
Apartments:	<u>5</u> %	Schools:	<u>High School is Adjacent</u>
Commercial:	<u>10</u> %	Highway Access:	<u>0.5 mile</u>
Industrial:	<u>10</u> %		
Agricultural:	<u>0</u> %		
	<u>100</u> %		

SITE

<u>Item:</u>	<u>Yes</u>	<u>No</u>	<u>Adjoining Uses (Zoning If Vacant):</u>
Public Water	☒	☐	North: <u>Commercial/Retail</u>
Private Well	☐	☒	South: <u>Paradise High School</u>
Public Sewer	☒	☐	East: <u>Vacant Land (formerly SFR)</u>
Septic Tank	☐	☒	West: <u>Walk/Bike Trail</u>
Storm Sewer	☒	☐	
Electricity	☒	☐	
Gas	☒	☐	
Cable TV	☒	☐	

SUBJECT'S RENT SCHEDULE

# of Units	Unit Type	Occupancy	Scheduled Rent	Economic Rent
12	1Bd/1Ba	%	\$598.75	\$598.75
19	2Bd/1Ba	%	\$676.10	\$676.10
12	3Bd/2Ba	%	\$807.92	\$807.92
		%	\$	\$
		%	\$	\$
		%	\$	\$
		%	\$	\$
		%	\$	\$
		%	\$	\$
		%	\$	\$

100%

Monthly Total \$29,726 \$29,726

LAND PURCHASE AND SALE AGREEMENT

This Land Purchase and Sale Agreement ("**Agreement**") entered into by and between Pacific West Communities, Inc. ("**Seller**") and Eaglepointe Pacific Associates, LP ("**Buyer**") is meant to serve as the purchase agreement and the escrow instructions for this transaction. The Effective Date of this agreement will be the date upon which this Agreement is signed by all parties ("**Effective Date**").

1. **SALE PARCEL:** Seller herein agrees to sell the property situated in the **City of Paradise, County of Butte, California** commonly known as a **6.53 acres +/- site identified as all of APN's 053-380-001 through 053-380-044 located at 5975 Maxwell Drive, 95969** ("**Sale Parcel**") and legally described in Exhibit A attached hereto and incorporated herein by this reference and includes all rights, privileges and easements appurtenant to the Sale Parcel, whether or not recorded, including without limitation all development rights, air rights, water and water rights, easements, rights of way or appurtenances used in connection with the Sale Parcel, and all oil, gas and other minerals in or under or that may be produced for or by the Sale Parcel not otherwise reserved. Buyer intends to construct a rental housing project on the Sale Parcel ("**Project**").
2. **PURCHASE PRICE:** The Purchase Price shall be **Eight Hundred Eighty Thousand Dollars (\$880,000.00)** which shall be paid in cash at the Close of Escrow.
3. **DEPOSITS:** Upon Seller's acceptance of this Agreement, Buyer, within five (5) days, shall deposit into an escrow account held by Mid Valley Title & Escrow Company, a First American Title Company with an office located in Napa, CA ("**Escrow Holder**" or "**Title Company**") the sum of One Thousand Dollars (\$1,000.00) ("**Initial Deposit**") as a deposit to be applied toward the Purchase Price. Seller will open escrow through Escrow Holder and deposit an executed copy of this Agreement therein.
4. **REVIEW PERIOD:** Within ten (10) days after the Effective Date, Seller will deliver to Buyer all documents in its possession regarding the Sale Parcel that have not been previously provided to the Buyer, including but not limited to, surveys, soil surveys, geotechnical and environmental reports. Buyer will have one hundred and twenty (120) days after the Effective Date ("**Review Period**") to examine and investigate all aspects of the Sale Parcel. These investigations may include a physical and geological inspection and Buyer will have the right, at Buyer's expense, to select an inspector(s) to make "inspections" (including test, surveys and other studies) of the Sale Parcel, including but not limited to soil, foundation, possible environmental hazards (such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, hazardous waste, and other substances, materials or products), geologic conditions, location of property lines, size/square footage of the Sale Parcel and any improvements, and water/utility use restrictions. Seller will make the Sale Parcel available for all inspections. Buyer will keep the Sale Parcel free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims and demands, damages, and costs, and shall repair all damages arising from the inspections.

At any time prior to the expiration of the Review Period, Buyer shall have the right in its sole discretion to terminate this Agreement for any reason whatsoever by giving written notice to Escrow Holder and Seller or its Agent in which case Buyer's Initial Deposit will be refundable to Buyer.

If during the Review Period, Seller receives a written bona fide offer from an independent third party not affiliated with Seller with (A) a purchase price equal to or exceeding the Purchase Price and (B) which will close at least thirty (30) days prior to Close of Escrow under this Agreement, which Seller desires to accept ("**Bona Fide Offer**"), Seller will notify Buyer in writing of the Bona Fide Offer, which notification will be no later than thirty (30) days prior to the expiration of the Review Period. The Bona Fide Offer notification must include (i) the fully executed purchase and sale agreement with the third party meeting the requirements of the Bona Fide Offer contingent only upon the termination of this Agreement; and (ii) satisfactory reasonable evidence of the third party's financial ability to perform under the Agreement including cash to purchase the Sale Parcel and/or a commitment from a lender for sufficient funds to purchase the Sale Parcel. Upon receipt of the Bona Fide Offer, Buyer will have fifteen (15) days to elect in writing: (a) agree to match the Purchase Price in the Bona Fide Offer and waive all conditions to Close of Escrow and elect to proceed to Close of Escrow under Section 7; or (b) terminate the Agreement and receive a refund of the Initial Deposit, and Seller shall promptly reimburse to Buyer its reasonable out-of-pocket and third-party property diligence expenses (and Buyer will provide copies of third party reports to Seller), and except as otherwise provided in this Agreement, neither of the parties shall have any further liability or obligation hereunder. If Seller does not receive and notify Buyer in writing of a Bona Fide Offer meeting the conditions herein and in the time period specified above, the rights under this paragraph will expire and this paragraph will automatically terminate and be of no further force or effect.

5. **TITLE:** Within fifteen (15) days after the Effective Date, Seller will provide Buyer with a current preliminary title report for a standard owner coverage in the amount of the Purchase Price from the Title Company with copies of all exceptions listed therein at Seller's expense (collectively "**PTR**"). Buyer is not obligated to purchase the Sale Parcel unless at, or prior to, Close of Escrow (defined below) each of the following conditions has been met or Buyer has waived said conditions in writing. Seller agrees to cooperate with Buyer and to execute any documents which may be necessary or convenient to the performance of these conditions.

A. Prior to the end of the Review Period, Buyer will make any objections to title in writing to Seller. Seller will have ten (10) days from receipt of Buyer's written notification of title objections to elect to remove any objections to title that Buyer has made. If Seller is unable or unwilling to remove such objections to title, then Buyer may waive its uncured objections or terminate this Agreement on or before the end of the Review Period. If Buyer terminates the Agreement, it will receive a refund of its Initial Deposit.

- B. If additional exceptions are added to the PTR prior to closing, Buyer may object to such additional exceptions in writing and Seller will have ten (10) days from receipt of Buyer's additional title objections to elect to remove such objection to title. If Seller fails to elect to remove any additional exceptions, Buyer may terminate this Agreement in writing and receive a refund of its Initial Deposit and any Extension Payments (defined below).
- C. Seller will convey to Buyer good and marketable title to the Sale Parcel, which shall be free and clear of all liens, encumbrances, and other exceptions to title, except the liens of taxes and assessments not yet due and payable, special taxes due to possible reevaluation of the Sale Parcel, easements and restrictions of public record, and those exceptions approved in writing by Buyer, and those created by Buyer ("**Permitted Exceptions**"). Seller agrees to convey the Sale Parcel free from any monetary liens or encumbrances regardless of whether Buyer has objected to the same in writing. In the event Seller agrees to cure any of Buyer's title objections and fails to do so before Close of Escrow, it will be a breach of this Agreement and Buyer may terminate this Agreement and receive a refund of its Initial Deposit and any Extension Payments.
6. **LAND ENTITLEMENT AND FINANCING PERIOD:** Buyer shall apply for all land use approvals, entitlements and financing needed for the development of the Project as soon as possible and will diligently pursue such approvals. If Buyer has not obtained discretionary land-use approvals or financing to Buyer's satisfaction for Buyer's proposed project within one hundred eighty (180) days from the Effective Date ("**Entitlement/Financing Period**"), Buyer may terminate this Agreement and receive a refund of the Initial Deposit. Buyer may extend the Entitlement/Financing Period for up to two (2) ninety (90) day periods each by depositing an additional Thirty Thousand Dollars (\$30,000.00) in Escrow prior to the expiration of the previous applicable period (each an "**Extension Payment**") for each extension of the Entitlement/Financing Period. The Extension Payments will be applicable towards the Purchase Price. Seller agrees to assist Buyer with the execution of all necessary documents that may be required by the local governing bodies for the application and approval of Buyer's proposed development of the Project. At any time prior to the expiration of the Entitlement/Financing Period (as may be extended herein), Buyer shall have the right in its sole discretion to terminate this Agreement for failure to obtain desired land approvals/entitlements or desired financing, and Buyer's Initial Deposit and Extension Payments will be refundable to Buyer.
7. **CLOSE OF ESCROW:** "**Close of Escrow**" shall be the date upon which the grant deed conveying title of the Sale Parcel to Buyer is recorded in the Official Records of the county in which Sale Parcel is located. Close of Escrow shall be within 30 days after the earliest of the following (A) expiration of the Entitlement/Financing Period and (B) Buyer's written notification to Seller of its satisfaction or waiver of reviews and conditions and election to proceed to Close of Escrow. At Close of Escrow, Seller will convey to Buyer the Sale Parcel described herein to Buyer by grant deed in typical form prepared by the Title Company and approved by Buyer, and subject to only the Permitted Exceptions. Buyer will deliver to Escrow Holder the Initial Deposit, which will be applied toward the Purchase Price at Close

of Escrow. Prior to the Close of Escrow, Buyer will pay the remainder of the Purchase Price in cash or cash equivalent upon the Title Company's irrevocable commitment to issue a CLTA Owners Policy of Title Insurance to Buyer in the amount of the Purchase Price, and any policy required by Buyer's lenders which policies of title insurance will contain the insuring clauses, exceptions, exclusions, provisions and stipulations required by Buyer's lender, and showing the fee title in said Sale Parcel vesting to Buyer or such other party Buyer may designate, subject only to the Permitted Exceptions.

Seller will deliver exclusive possession of the Sale Parcel to Buyer upon Close of Escrow.

8. **ESCROW CHARGES:** Buyer shall pay one-half of the Escrow fee and all of Escrow Holder's customary charges to buyers for document drafting, recording and miscellaneous charges. Buyer shall pay the cost of a standard coverage CLTA Title Policy in the amount of the Purchase Price, the Escrow fee and all of Escrow Holder's customary charges to sellers for document drafting, documentary transfer tax, recording and miscellaneous charges incurred by Escrow Holder on Seller's behalf. Buyer shall pay the cost of an extended coverage CLTA Title Policy desired by Buyer or Buyer's lender.

9. **PRORATIONS:**

- A. County consolidated property tax bill charges, interest, rents, Association regular dues/assessments, premiums on insurance acceptable to Buyer, as applicable, shall be paid current by Seller and prorated between Buyer and Seller as of the date of recordation of the deed.
- B. Bonds or assessments of special assessment districts which are now a lien, shall be paid current by Seller as of the date of recordation of the deed; payments that are not yet due shall be assumed by the Buyer.
- C. Association special assessments which are now a lien, shall be paid current by the Seller as of the date of recordation of the deed; payments that are not yet due shall be assumed by the Buyer.
- D. County transfer tax and transfer fees shall be paid by the Seller. City transfer tax and transfer fees shall be paid by the Seller.
- E. All lease income, non-NNN utility and maintenance expenses and other customary income and expense items shall be prorated as of the Close of Escrow. Seller shall transfer all tenant security deposits to Buyer. Seller shall retain any capital replacement reserve accounts.
- F. SALE PARCEL WILL BE REASSESSED UPON CHANGE OF OWNERSHIP. THIS WILL AFFECT THE TAXES TO BE PAID. A supplemental tax bill will be issued, which shall be paid as follows: (1) for periods after Close of Escrow, by Buyer (or by

final acquiring party if part of an exchange), and (2) for periods prior to Close of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.

10. BUYER'S CONDITIONS TO CLOSE: The following are Buyer's conditions to Close of Escrow, all which must be satisfied or waived by Buyer for Buyer to proceed with the purchase: (A) Buyer obtains all desired land approvals and entitlements for the Project, and (B) Buyer obtains desired financing for the Project. If Buyer does not secure approvals for the required land use approvals and entitlements or funding for Buyer's proposed project which are satisfactory to Buyer in Buyer's sole discretion, Buyer may terminate the Agreement. If Buyer fails to close due to the failure of a Buyer's condition to close, the Initial Deposit and any Extension Payments will be refunded in full to Buyer and neither party shall have any further obligation to the other. All escrow charges shall be paid by the Buyer and all documents delivered into Escrow shall be returned to the depositing party.

11. SELLER REPRESENTATIONS: Seller warrants and represents to Buyer the following:

- A. Seller has no knowledge of any Hazardous Waste having been produced, released, stored, or deposited over, under, or upon the Property by any person whatsoever. As used herein "Hazardous Waste" will be defined as any hazardous substance, underground storage tanks, pollutants, contaminants or hazardous wastes as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Resource Conservation and Recovery Act ("RCRA"), as amended, or any other similar local, state or federal law, rule or regulation, including, without limitation, asbestos, PCB's, petroleum and petroleum products, and urea formaldehyde;
- B. There are no unrecorded agreements, leases, liens or encumbrances which may affect title or current ownership of the Sale Parcel;
- C. Seller has not received any notice of violation that has been issued, or contemplated, with regard to any applicable regulation, ordinance, requirement, covenant, condition or restriction relating to the present use or occupancy of the Sale Parcel by any person, authority or agency having jurisdiction;
- D. Seller has no knowledge of any intended public improvements that will or could result in any new charges being assessed against the Sale Parcel;
- E. Seller has no knowledge of impending or contemplated condemnation or taking by inverse condemnation of the Sale Property, or any portion thereof, by any governmental authorities;
- F. Seller has no knowledge of any suits or claims pending or threatened with respect to or in any manner affecting the Sale Parcel, nor does Seller know of any circumstances that should or could reasonably form the basis for any such suits or claims that have not been disclosed in writing to Buyer by Seller;
- G. This transaction will not in any way violate any other agreements to which Seller is a party;

- H. Seller has full power and authority to execute, deliver and perform under this Agreement; and
- I. Seller will not place or permit to be placed on any portion of the Sale Parcel any new agreements, encumbrances, or liens, or improvements of any kind (or remove or permit any improvements to be removed from the Sale Parcel) without the prior written consent of Buyer.

If Seller receives notice or knowledge of any information regarding any of the matters set forth in this Section prior to closing, Seller will immediately notify Buyer of the same in writing. The warranties and representations set forth in this Section 12 will be deemed to be true and correct as the Close of Escrow and will survive after Close of Escrow for a period of one (1) year.

- 12. **1031 TAX DEFERRED EXCHANGE:** Buyer acknowledges that Seller may enter into a 1031 Tax Deferred Exchange. Buyer agrees to cooperate in fulfilling Seller's intent to effect said Exchange by performing any and all reasonable acts as may be required to affect the Exchange, provided, however, that Buyer does not incur any additional expense or liability as a result thereof.
- 13. **DEFAULT:** If Seller breaches this Agreement, including, without limitation, Buyer may, at Buyer's sole option, either: (A) by written notice to Seller and Escrow Agent, cancel this Agreement and the Initial Deposit and Extension Payments shall be paid immediately by Escrow Agent to Buyer, Seller shall promptly reimburse to Buyer its reasonable out-of-pocket and third-party property diligence expenses and, except as otherwise provided in this Agreement, neither of the parties shall have any further liability or obligation hereunder; (B) extend the date scheduled for Close of Escrow for such reasonable period of time as may be required to permit Seller to cure or remedy such breach (provided such period of time shall not exceed thirty (30) days unless such greater period of time is agreed to in writing by Seller); or (C) seek specific performance against Seller in which event Close of Escrow will be automatically extended as necessary. Notwithstanding the foregoing, if specific performance is unavailable as a remedy to Buyer because of Seller's affirmative act or intentional omission, Buyer shall be entitled to pursue all rights and remedies available at law or in equity. If Buyer breaches this Agreement, as its sole remedy Seller shall be entitled to retain the Initial Deposit and any Extension Payments as Seller's agreed and total liquidated damages. Seller hereby waives any right to seek any equitable or legal remedies against Buyer.
- 14. **ATTORNEY FEES:** In any action, proceeding or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.
- 15. **MEMORANDUM:** Upon Buyer's request, Seller agrees to sign a memorandum of this Agreement which Buyer may record in the records of the County Recorder's Office in which the Sale Parcel is located.

16. ENTIRE CONTRACT: Time is of the essence. All prior agreements between the parties are incorporated in this Agreement which constitutes the entire contract. Its terms are intended by the parties as a final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior or contemporaneous oral agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Agreement.

DURATION OF OFFER: This Agreement, when signed by Buyer constitutes an offer to purchase the Sale Parcel in accordance with the terms and provisions and on the conditions set forth herein. Such offer will expire at 5:00 PM on the 10th day following the sending date unless by such date and time Seller shall have signed this Agreement and delivered the same to Buyer or Buyer's Agent.

(Remainder of this page intentionally left blank – signature page to follow)

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed on the dates indicated herein.

BUYER: Eaglepointe Pacific Associates, LP
a California limited partnership

By:  Date: 2.24.2023
Caleb Roope
Pacific West Communities, Inc. – President/CEO
TPC Holdings IX, LLC - Manager

SELLER: Pacific West Communities, Inc.
An Idaho corporation

By:  Date: 2.24.2023
Caleb Roope, President/CEO

EXHIBIT A

Legal Description

A.P.N.: 053-380-001 THROUGH 044 and 053-380-099

Real property in the Town of Paradise, County of Butte, State of California, described as follows:

ALL THAT REAL PROPERTY BEING THE COMMON AREA WITHIN THE BOUNDARY LINES OF "CENTRAL PARK CONDOMINIUMS" AS SHOWN ON THE MAP OF "CENTRAL PARK CONDOMINIUM SUBDIVISION", SUBDIVISION NO. 63, FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF BUTTE, STATE OF CALIFORNIA, ON THE 10TH DAY OF SEPTEMBER 1973, IN MAP BOOK 43, AT PAGES 21 AND 22.

TOGETHER WITH UNITS 1 THROUGH 44 AS SHOWN ON THAT CERTAIN CONDOMINIUM PLAN MARKED "EXHIBIT A" AND ATTACHED TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND CONDOMINIUM PLAN FOR THE "CENTRAL PARK CONDOMINIUMS", WHICH SAID DECLARATION WAS RECORDED ON THE 21ST DAY OF SEPTEMBER, 1973 IN BOOK 1864, PAGES 526 THROUGH 575, OFFICIAL RECORDS OF BUTTE COUNTY.

PARCEL HEREIN IS PURSUANT TO A MERGER APPROVED BY THE TOWN OF PARADISE RECORDED FEBRUARY 23, 2023, AS SERIAL NO. 2023-0005882.

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

All that real property being the Common Area within the boundary lines of "Central Park Condominiums" as shown on that map of "Central Park Condominium Subdivision" Subdivision No. 63, filed in the office of the Recorder of the County of Butte, State of California, on the 10th day of September 1973, in Map Book 43, at pages 21 and 22.

Together with units 1 through 44 as shown on that certain condominium plan marked "Exhibit A" and attached to declaration of Covenants, Conditions, Restrictions and Condominium Plan for the "Central Park Condominiums", which said declaration was recorded on the 21st day of September, 1973 in Book 1864, pages 526 through 575, Official Records of Butte County.

To be combined as one parcel.

Subject to all easements of record.

The purpose of the above description is to merge the real property and fee interests as described in that Grant Deed to Robert J. Arkenburg and Betty Jo Arkenburg, Co-Trustees of the Arkenburg Family Trust dated January 20, 2010.

The property described above is all of Assessor Parcel Numbers 053-380-001 through 044 and 053-380-099.



Exhibit B
Current CDBG-DR MHP Rent Standards at the
Time of the Signing of this AGREEMENT

2022 Maximum rent standards for Chico, CA MSA* (Subtract tenant paid utility allowance to determine maximum actual rents)				
Unit size	1 bedroom	2 bedroom	3 bedroom	4 bedroom
LOW HOME RENT: At least five (5) of the forty-two (42) CDBG-DR MHP assisted units must be at or below this level.	\$731	\$877	\$1,013	\$1,130
HIGH HOME RENT: Remaining thirty-seven (37) of the forty-two (42) CDBG-DR MHP assisted units must be at or below this level.	\$895	\$1,118	\$1,284	\$1,413

*The rent standards above must be reduced if the tenant pays for utilities. This is because the calculation of these rent standards includes all utilities except telephone. Yet, in practice many utilities (water, heat, air conditioning, cooking gas, etc.) are not included in rents. Utility allowances provide a mechanism for adjusting the maximum allowable HOME rents when the tenant pays some or all utilities.

OWNER must use the HUD Utility Schedule Model (HUSM), or the standards used by the local Housing Authority to calculate tenant paid utilities and include the completed model in their APPLICATION. The model, along with instructions and other related data and information is currently found on the HUD.gov web page. These utility calculations should then be used to adjust the rents.



Exhibit C
CDBG-DR MHP PROGRAM Mandatory Acknowledgement "Lobbying Certification"

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies that to the best of his or her knowledge and belief.

(1) No federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an office or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Division 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$1,000,000 for each such failure.

WITNESSES:

SUBRECIPIENT, DEVELOPER, CONTRACTOR OR SUBCONTRACTOR:

1. Kathy Geller

Signature:

[Signature]

2. Yvonne DeMard

Title:

Pres/CEO

Date:

03/15/2023



Exhibit D

CDBG-DR MHP PROGRAM Mandatory Acknowledgement

"Conflict of Interest" Certification

The Town of Paradise is required by HUD to include a Conflict-of-Interest clause to all contracts. Please be aware that these requirements will apply if you are awarded a contract with the Town of Paradise.

The Contractor warrants that its participation in this contract will conform to the requirements of all applicable CDBG-DR MHP regulations including 2 CFR, Part 200, and 24 CFR 570.611, and further warrants that such participation will not result in any organizational conflict of interest. Organizational Conflict of Interest is defined as a situation in which the nature of work under this contract and the Contractor's organizational, financial, contractual, or other interests are such that:

- a. Award of the contract may result in an unfair competitive advantage; or The Contractor's objectivity in performing the contract work may be impaired.
- b. In the event the Contractor has an organizational conflict of interest as defined herein, the Contractor shall disclose such conflict of interest fully in the submission of the proposal and/or during the life of the contract.
- c. The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the Town Manager, which shall include a description of the action which the Contractor has taken or intends to take to eliminate or neutralize the conflict. The Town of Paradise may, however, terminate the contract if it is in best interest of the Town.
- d. In the event the Contractor was aware of an organizational conflict of interest before the award of this contract and intentionally did not disclose the conflict to the Town Manager, the Town of Paradise may terminate the contract for default.
- e. The provisions of this clause shall be included in all subcontracts and consulting Agreements.
- f. No federal, state, or local elected official, nor any employee of The Town of Paradise, nor any corporation owned or controlled by such person, shall be allowed to participate in any share or part of this contract or to realize any benefit from it. This provision shall be construed to extend to this contract if made with a corporation for its general benefit.
- g. No member, officer, or employee of The Town of Paradise, no member of the governing body of The Town of Paradise or any other local government and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the PROJECT, shall, during his or her tenure, or for



one (1) year thereafter, have any interest, direct or indirect, in this contract or the proceeds thereof.

- h. The Town of Paradise reserves discretion to determine the proper treatment of any conflict of interest disclosed under this provision.

Witnesses:

Sub-recipient, Developer, Contractor, or Subcontractor:

1. Kafu Qull

Signature: [Signature]

2. Nancy Demond

Title: President / CEO

Date: 03/15/2023



Exhibit E

Tenant Selection Plan

TAX CREDIT SECTION 42 CRITERIA FOR RESIDENCY RESIDENT SCREENING AND SELECTION PROCESS



CAMBRIDGE
real estate services

Thank you for applying to live at our community. This criteria is provided to you to define the process we use to select our residents. Cambridge Real Estate Services is an Equal Housing Opportunity provider, and seeks to process all applicants in a fair and consistent manner.

OCCUPANCY POLICY

1. Occupancy is based on the number of bedrooms in a unit. A bedroom is defined as a habitable space within the premises that is used primarily for sleeping, with at least one window and a closet space for clothing.
2. Two persons are allowed per bedroom plus one additional occupant will be allowed for the apartment.
3. In addition to maximum occupancy guidelines, certain communities which have received funding from the HOME program may require minimum occupancy of 1 person for a one bedroom; 2 persons for a two bedroom; 4 persons for a three bedroom; and, 6 persons for a four bedroom apartment. Exceptions may be granted based on demonstrated need and following approval by government agencies and/or their designated program compliance administrators. Contact the site manager for further information regarding program restrictions and exceptions.
4. In order to provide housing to the greatest number of qualified individuals and comply with state and federal regulations, Cambridge Real Estate Services reserves the right to follow HUD, Rural Development and Tax Credit program guidelines designed to encourage the optimal utilization of housing. This may require that Cambridge declines applications in cases where the minimum number of occupants is less than one individual per bedroom for the apartment selected. This condition shall apply throughout the entire term of tenancy and may, if violated, require that the tenant vacate the premises following the legally required procedures for termination or, if all other conditions of residency continue to be met, relocate within the community (upon re-screening) to the next available apartment of appropriate size upon written notification from the landlord.

APPLICATION PROCESS

Steps to become a resident.

1. Select your apartment.
2. Complete the LIHTC Rental Application (one for each adult), Certification of Tenant Eligibility, and Section 42 Certification. Note: Inaccurate or falsified information will be grounds for denial.
3. Pay your non-refundable screening charge of \$45.00. The screening charge is the cost of ordering a resident screening report. Screening entails verification that individual applicants meet the requirements listed below.
4. Be prepared to wait 5-7 business days for the application verification process to be completed. More time must be allowed if the information proves difficult to verify. All verification forms including but not limited to Income Verifications, Employment Verifications and Asset Verification must be completed by qualified third parties before your application will be approved.
5. If the application is approved and you accept the available unit, you will be required to: 1) sign a minimum 6 month lease in which you will agree to abide by all the rules and regulations; and 2) pay your security deposit and pro-rated rent for the month. (After the 25th of the month, the following month's rent will be required as well.)
6. If the application is approved and you decide not to rent or the application is denied you will forfeit your \$45.00 non-refundable screening charge.
7. You are encouraged to read the lease agreement at the time of application. If you require assistance in completing the application, please contact the Manager.

GENERAL REQUIREMENTS

1. Positive identification with a picture will be required for each adult applicant. (photocopy may be kept on file)
2. A complete and accurate Rental Application listing your current and at least one previous rental reference with phone numbers will be required (incomplete applications will be returned to the applicant).
3. Each legal applicant will be required to qualify individually. Any legal applicant who fully meets the criteria for this property may be admitted regardless of the qualification status of any co-applicants.
4. Applicants must be eighteen years of age or older, married, emancipated, or under the age of 18 and (a and/or b):
 - a) pregnant and expecting the birth of a child who will be living in the primary applicant's physical custody;
 - b) the parent of a child or children living in the physical custody of the person.
5. Household consisting solely of full time students may not qualify. Consult Manager for exceptions.
6. Except for the birth, adoption or custody of a minor dependent, there shall be no changes in the household composition within the first six months of residency.

INCOME REQUIREMENTS

1. Monthly household income should be at least 2.5 times the stated monthly rent.
2. Some form of verifiable income will be required for applicants. (Verifiable income may mean, but is not limited to: bank accounts, alimony/child support, trust accounts, social security, unemployment, insurance benefits, AFDC, grants/loans, retirement funds) If you are unemployed and have no other source of income, either a security deposit which equates to twice the monthly rental amount or at least six months of living expenses on hand will be required. "Living expenses" will be defined as the minimum required household income as specified in the rental criteria.
3. Self employed applicants will be required to show proof of income through copies of the previous year's tax returns.
4. If monthly household income does not meet 2.5 times the stated monthly rent, a security deposit equal to a full month's rent or qualified roommate may be required. If monthly income falls \$500 or more below 2.5 times the states monthly rent, then either a security deposit equal to twice the monthly rental amount or at least six months of living expenses on hand will be required. If you are an applicant that holds a current Section 8 voucher, your monthly household income will not be considered a factor in determining a required security deposit amount. All sections in the

- additional screening criteria will apply to applicants holding current Section 8 vouchers when determining the required security deposit amount.
5. You will be denied if your source of income cannot be verified.

RENTAL REQUIREMENTS

1. One year of positive verifiable rental history from a third party reference will be required within the past two years from the date of application.
2. Rental history demonstrating residency, but not third party rental history, will require a security deposit equal to a full month's rent.
3. A security deposit equal to one full month's rent for first time renters will be required when rental history does not meet the stated third party rental criteria, but residency can be verified with parents, student housing or military housing.
4. Home ownership will be verified through the county tax assessor's office. Home ownership negotiated through a land sales contract must be verified through the contract holder.
5. Five years of eviction free rental history will be required.
6. Three 72-hour notices (or 144-hour notices) within a period of one year will result in a security deposit equal to 1 months rent. Four or more 72 hour notices (or 144-hour notices) within a period of one year will result in denial.
7. Three or more NSF checks within a period of one year will result in denial.
8. Rental history reflecting damage and/or past due rent will require a security deposit equal to a full month's rent (when the debt is settled).
9. Rental history reflecting unpaid damage and/or past due rent will be denied.
10. Rental history demonstrating documented noise or disturbance complaints caused or contributed to by applicant, will be denied when the former manager would not re-rent.

CREDIT REQUIREMENTS

1. A credit report will be obtained.
2. Outstanding bad debt (i.e. slow pay, collections, bankruptcies, repossessions, liens, judgement & wage garnishment programs not medically related) being reported on the credit bureau which is more than \$2,500 will require a deposit equal to a full month's rent.
3. Fifteen or more collections on the credit bureau will result in denial.
4. Discharged bankruptcy listed on the credit report will result in a security deposit equal to a full month's rent to be required. Bankruptcy with subsequent outstanding bad debt (as defined in #2) will result in denial.
5. Delinquent or past due mortgage payments without subsequent bad credit (as defined in #2, #3, and #4), will result in a security deposit equal to two full month's rent to be required.

CRIMINAL CONVICTION CRITERIA

Upon receipt of the Rental Application and screening fee, Owner/Agent will conduct a search of public records to determine whether applicant or any proposed resident or occupant has a "Conviction" (which means: charges pending as of the date of the application; a conviction; a guilty plea; or no contest plea), for any of the following crimes: drug-related crime; person crime; sex offense; crime involving financial fraud, including identity theft and forgery; or any other crime if the conduct for which applicant was convicted or is charged is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right of peaceful enjoyment of the premises of residents, the landlord or the landlord's agent. Owner/Agent will not consider a previous arrest that did not result in a Conviction or expunged records.

If applicant, or any proposed occupant, has a Conviction in their past which would disqualify them under these criminal conviction criteria, and desires to submit additional information to Owner/Agent along with the application so Owner/Agent can engage in an individualized assessment (described below) upon receipt of the results of the public records search and prior to a denial, applicant should do so. Otherwise, applicant may request the review process after denial as set forth below, however, see item (c) under "Criminal Conviction Review Process" below regarding holding the unit.

A single Conviction for any of the following, subject to the results of any review process, shall be grounds for denial of the Rental Application.

- a) Felonies involving: murder, manslaughter, arson, rape, kidnapping, child sex crimes, or manufacturing or distribution of a controlled substance.
- b) Felonies not listed above involving: drug-related crime; person crime; sex offense; crime involving financial fraud, including identity theft and forgery; or any other crime if the conduct for which applicant was convicted or is charged is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right of peaceful enjoyment of the premises of the residents, the landlord or the landlord's agent, where the date of disposition has occurred in the last 7 years.
- c) Misdemeanors involving: drug related crimes, person crimes, sex offenses, domestic violence, violation of a restraining order, stalking, weapons, criminal impersonation, possession of burglary tools, financial fraud crimes, where the date of disposition has occurred in the last 5 years.
- d) Misdemeanors not listed above involving: theft, criminal trespass, criminal mischief, property crimes or any other crime if the conduct for which applicant was convicted or is charged is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right of peaceful enjoyment of the premises of the residents, the landlord or the landlord's agent, where the date of disposition has occurred in the last 3 years.
- e) Conviction of any crime that requires lifetime registration as a sex offender, or for which applicant is currently registered as a sex offender, will result in denial.

Criminal Conviction Review Process.

Owner/Agent will engage in an individualized assessment of the applicant's, or other proposed occupant's, Convictions if applicant has satisfied all other criteria (the denial was based solely on one or more Convictions) and:

- (1) Applicant has submitted supporting documentation prior to the public records search; or
- (2) Applicant is denied based on failure to satisfy these criminal criteria and has submitted a written request along with supporting documentation.

Supporting documentation may include:

- i) Letter from parole or probation office;
- ii) Letter from caseworker, therapist, counselor, etc.;

- iii) Certifications of treatments/rehab programs;
- iv) Letter from employer, teacher, etc.
- v) Certification of trainings completed;
- vi) Proof of employment; and
- vii) Statement of the applicant.

Owner/Agent will:

- (a) Consider relevant individualized evidence of mitigating factors, which may include: the facts or circumstances surrounding the criminal conduct; the age of the convicted person at the time of the conduct; time since the criminal conduct; time since release from incarceration or completion of parole; evidence that the individual has maintained a good tenant history before and/or after the conviction or conduct; and evidence of rehabilitation efforts. Owner/Agent may request additional information and may consider whether there have been multiple Convictions as part of this process.
- (b) Notify applicant of the results of Owner/Agent's review within a reasonable time after receipt of all required information.
- (c) Hold the unit for which the application was received for a reasonable time under all the circumstances to complete the review unless prior to receipt of applicant's written request (if made after denial) the unit was committed to another applicant.

DISABLED ACCESSIBILITY

1. Cambridge Real Estate Services allows existing premises to be modified at the full and complete expense of the disabled person, if the disabled person agrees to restore the premises at their own expense to the pre-modified condition. Cambridge Real Estate Services requires:
 - The applicant to seek the landlord's written approval before making modifications.
 - Reasonable assurance (in writing) that the work will be performed in a workmanlike manner.
 - Reasonable details regarding the extent of the work to be done.
 - Names of qualified contractors that will be used.
 - Appropriate building permits and the required licenses must be made available for inspection by the landlord.
 - Cambridge's policy regarding payment for modifications is subject to adjustment for properties constructed with direct Federal or State Subsidies including HOME funds. You will be notified by management prior to move in if this property has federal or State Subsidies, including HOME funds.

REJECTION POLICY

You have the right to dispute the accuracy of any information provided to the landlord by a screening service or credit reporting agency. If your application is rejected due to unfavorable information received during the screening process you may:

1. Contact the screening company that supplied the information to discuss your application. The screening company that processed your application is Background Investigations. Their name and the reference number for your file will be printed on the acceptance or denial letter.
Background Investigations
27600 SW 95th Avenue, Suite 100
Wilsonville, OR 97070
2. Contact the credit reporting agency to identify who is reporting unfavorable information.
3. Correct any incorrect information through the credit reporting agent as per their policy.
4. Request the credit reporting agency to submit a corrected credit check to the appropriate screening company.
5. Upon receipt of the corrected and satisfactory information, your application will be evaluated again for the next available apartment.

Be advised:

- Incomplete, inaccurate or falsified information will be grounds for denial.
- Any applicant that is a current illegal drug user or addicted to a controlled substance or has been convicted by any court of competent jurisdiction of the illegal manufacture or distribution of a controlled substance shall be denied.
- Any individual whose tenancy may constitute a direct threat to the health or safety of an individual, or whose tenancy would result in physical damage to the property of others will be denied.
- Applications and background screenings will be valid for a 60 day period from the date of submission. If the applicant(s) fails to execute a rental agreement within the stated 60 day period, an updated application/background screening will need to be obtained with costs paid by the applicant.
- The Criteria for Residency applies throughout the duration of tenancy. Management reserves the right to update records to confirm continued eligibility for housing.

If your application has been denied and you feel that you qualify as a resident under the criteria set out above, you should do the following:

Write to: Equal Housing Opportunity Manager
Cambridge Real Estate Services
PO Box 2968, Portland, OR 97208

In the letter explain the reasons you believe your application should be approved and request a review of your file. Within seven working days of receipt of your letter, your application file will be reviewed and you will be notified of the outcome of the review. Please be aware that an apartment cannot be held during the appeal process.

AFFORDABLE HOUSING APPLICATION

CAMBRIDGE
real estate services

PLEASE FILL OUT THIS APPLICATION COMPLETELY.
ALL BLANKS MUST BE FILLED IN BEFORE THE APPLICATION
WILL BE CONSIDERED COMPLETE AND CAN BE PROCESSED
FOR ELIGIBILITY. IF THE BLANK DOES NOT APPLY TO YOUR
SITUATION PUT N/A IN THE BLANK.



☐ ID Verified

MANAGER USE ONLY

DATE RECEIVED _____

TIME RECEIVED _____

MANAGER INITIAL _____

PROJECT CODE/PROPERTY NAME			UNIT #	
HAVE YOU APPLIED (AND PAID AN APPLICATION FEE) TO ANY OTHER CAMBRIDGE-MANAGED PROPERTY WITHIN THE PAST 60 DAYS? ☐ YES ☐ NO IF YES, WHICH PROPERTY?				
HEAD OF HOUSEHOLD (Last, First, Middle Initial)				
APPLICANT'S FULL NAME (Last, First, Middle Initial)			PHONE #	
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #	EMAIL	
STUDENT? ☐ YES ☐ NO		Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO		
PLEASE LIST ALL COUNTIES YOU HAVE RESIDED IN DURING THE PREVIOUS 7 YEARS				
CURRENT STREET ADDRESS		CITY	STATE	ZIP
HOW LONG AT CURRENT ADDRESS?	ARE YOU PRESENTLY RENTING?	MONTHLY RENT	REASON FOR MOVING	
CURRENT LANDLORD NAME			CURRENT LANDLORD PHONE NUMBER	
CURRENT LANDLORD ADDRESS		CITY	STATE	ZIP
PREVIOUS STREET ADDRESS		CITY	STATE	ZIP
HOW LONG AT PREVIOUS ADDRESS?				
PREVIOUS LANDLORD NAME			PREVIOUS LANDLORD PHONE NUMBER	
PREVIOUS LANDLORD ADDRESS		CITY	STATE	ZIP
If you did not live at your current or previous residence for at least two (2) years, please complete the following information:				
OTHER PREVIOUS STREET ADDRESS		CITY	STATE	ZIP
HOW LONG AT OTHER PREVIOUS ADDRESS?		OTHER PREVIOUS LANDLORD NAME		
OTHER PREVIOUS LANDLORD ADDRESS		CITY	STATE	ZIP
LIST ALL OTHER PERSONS WHO WISH TO RESIDE IN YOUR UNIT: Please print full name – last, first, middle initial. Include unborn children, if applicable.				
SPOUSE (Last, First, Middle Initial)				
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #		
STUDENT? ☐ YES ☐ NO		Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO		
NAME (Last, First, Middle Initial)				
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #		
STUDENT? ☐ YES ☐ NO		Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO		

NAME (Last, First, Middle Initial)		
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #
STUDENT? ☐ YES ☐ NO	Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO	
NAME (Last, First, Middle Initial)		
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #
STUDENT? ☐ YES ☐ NO	Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO	
NAME (Last, First, Middle Initial)		
BIRTH DATE	SOCIAL SECURITY NUMBER	DRIVER'S LICENSE #
STUDENT? ☐ YES ☐ NO	Is this person a legal dependant of the Head of Household? ☐ YES ☐ NO	
DO YOU DECLARE THAT ALL MEMBERS OF THE HOUSEHOLD ARE LEGAL U.S. CITIZENS, INCLUDING HOLDING REGISTERED ALIEN STATUS? ☐ YES ☐ NO		
DOES ANYONE IN HOUSEHOLD REQUEST A SPECIAL HANDICAP ACCESSIBLE UNIT? ☐ YES ☐ NO IF YES, PLEASE SPECIFY UNIT TYPE REQUIRED:		
HAVE YOU OR ANY MEMBER OF YOUR HOUSEHOLD BEEN A FULL TIME STUDENT AT ANY TIME DURING THIS CALENDAR YEAR? ☐ YES ☐ NO		
ARE THERE ANY HOUSEHOLD MEMBERS OVER THE AGE OF 17 THAT ARE PART-TIME/FULL-TIME STUDENTS? (HUD PROPERTIES ONLY) ☐ YES ☐ NO		
SOURCES OF INCOME: List all income sources.		
This includes, but is not limited to, full and/or part-time employment, all income from Welfare Agencies, Social Security, Pensions, SSI, Disability, Armed Forces Reserves, Unemployment Compensation, Child Care, Alimony, Child Support, Student Grants, Income from sale of property, Interest on Assets, Dividends, Annuities, and Regular Contributions from people not residing with you. Income earned by members temporarily absent from the household must be included. Furthermore, household income must include income received by members 18 years of age or older; include pro-rata income for those members of the household anticipated to reach 18 years of age during the upcoming 12 month period.		
FAMILY MEMBER NAME (Last, First, Middle Initial)		
EMPLOYER, AGENCY, BANK, ETC. WHO ARE SOURCES OF INCOME TO YOU - LIST NAME AND ADDRESS OF SOURCES		
ANNUAL GROSS INCOME \$		
FAMILY MEMBER NAME (Last, First, Middle Initial)		
EMPLOYER, AGENCY, BANK, ETC. WHO ARE SOURCES OF INCOME TO YOU - LIST NAME AND ADDRESS OF SOURCES		
ANNUAL GROSS INCOME \$		
FAMILY MEMBER NAME (Last, First, Middle Initial)		
EMPLOYER, AGENCY, BANK, ETC. WHO ARE SOURCES OF INCOME TO YOU - LIST NAME AND ADDRESS OF SOURCES		
ANNUAL GROSS INCOME \$		
FAMILY MEMBER NAME (Last, First, Middle Initial)		
EMPLOYER, AGENCY, BANK, ETC. WHO ARE SOURCES OF INCOME TO YOU - LIST NAME AND ADDRESS OF SOURCES		
ANNUAL GROSS INCOME \$		

DO YOU HAVE A LETTER OF PRIORITY ISSUED BY USDA-RURAL DEVELOPMENT DUE TO DISPLACEMENT FROM ANOTHER PROPERTY? ☐ YES ☐ NO

DO YOU WISH TO CLAIM A \$400 DEDUCTION FROM YOUR HOUSEHOLD INCOME BASED ON AN "ELDERLY HOUSEHOLD" STATUS, WHERE THE TENANT OR CO-TENANT IS 62 OR OLDER, HANDICAPPED, OR DISABLED? ☐ YES ☐ NO

FOR USDA RURAL DEVELOPMENT HOUSEHOLDS THAT MEET THE DEFINITION OF ELDERLY/DISABLED:

DO YOU INTEND TO HAVE AN ANIMAL AT THIS RESIDENCE? ☐ YES ☐ NO IF YES, WHAT KIND?

WHEN DO YOU DESIRE TO OCCUPY THE APARTMENT?

HOW DID YOU FIND OUT ABOUT OUR BUILDING? ☐ NEWSPAPER ☐ DRIVE BY ☐ RENTAL MAGAZINE ☐ ACQUAINTANCE ☐ OTHER

ADDRESS

PHONE #

WHO SHOULD BE CONTACTED IN CASE OF EMERGENCY? NAME

MAKE/MODEL	YEAR	LICENSE #
MAKE/MODEL	YEAR	LICENSE #

AUTOMOBILES

NAME	ADDRESS	PHONE
NAME	ADDRESS	PHONE

PERSONAL REFERENCES: (2 PERSONS NOT RELATED OR LIVING WITH YOU, WHOM YOU HAVE KNOWN AT LEAST 1 YEAR)

IF YES, WHAT?

DO YOU HAVE ANY OTHER ASSETS NOT LISTED ABOVE (EXCLUDING) HOUSEHOLD GOODS? ☐ YES ☐ NO

IF YES, TYPE OF PROPERTY/ASSETS

DATE SOLD/DISPOSED OF

HAVE YOU SOLD/DISPOSED OF ANY PROPERTY/ASSETS IN THE LAST 2 YEARS? ☐ YES ☐ NO

LOCATION OF REAL PROPERTY

APPROX. MARKET VALUE \$

REAL PROPERTY: DO YOU OWN ANY PROPERTY? ☐ YES ☐ NO

IF YES, TYPE OF PROPERTY

LIFE INSURANCE POLICY NUMBER

FACE VALUE \$

STOCKS/BONDS	SAVINGS	CHECKING	TRUST	IRA / 401K	CD	MONEY MARKET	BALANCE \$
BANK							ACCOUNT #
STOCKS/BONDS	SAVINGS	CHECKING	TRUST	IRA / 401K	CD	MONEY MARKET	BALANCE \$
BANK							ACCOUNT #
STOCKS/BONDS	SAVINGS	CHECKING	TRUST	IRA / 401K	CD	MONEY MARKET	BALANCE \$
BANK							ACCOUNT #

ASSETS

ARE YOU CURRENTLY A USER OF AN ILLEGAL CONTROLLED SUBSTANCE? ☐ YES ☐ NO
HAVE YOU EVER BEEN CONVICTED OF A DRUG VIOLATION (USE, ATTEMPTED USE, POSSESSION, MANUFACTURE, SALE OR DISTRIBUTION)? ☐ YES ☐ NO
HAVE YOU EVER BEEN EVICTED FROM A RESIDENCE? ☐ YES ☐ NO
HAVE YOU SUCCESSFULLY COMPLETED A CONTROLLED SUBSTANCE ABUSE RECOVERY PROGRAM OR PRESENTLY ENROLLED IN SUCH A PROGRAM? ☐ YES ☐ NO
HAVE YOU BEEN CONVICTED, PLED GUILTY OR PLED NO CONTEST TO ANY CRIME? ☐ YES ☐ NO IF YES, WHAT CRIME(S), WHEN, AND WHERE?
WILL THIS APARTMENT SERVE AS THIS HOUSEHOLD'S PRIMARY RESIDENCE? ☐ YES ☐ NO

The undersigned authorize Cambridge Real Estate Services or any screening service to contact my present and previous landlords, my credit references and employers (as listed above) and any credit reporting agency. It is understood and agreed that the sum paid at the time of application will be used as follows: A screening fee will be retained by the landlord as payment for the cost of application screening. Applicant screening entails the checking of your credit, income and other criteria for residency. As part of the application process, Landlord may obtain an Investigative Consumer Report which may include information of your character, general reputation, personal characteristics and mode of living. You have a right to request a written summary of your rights under the Federal Fair Credit Act as well as a complete and accurate disclosure of the nature and scope of the investigation requested. The request should be made to the Landlord or the credit reporting firm listed on the Criteria for Residency. You have the right to dispute the accuracy of any information provided to the landlord by the screening service or credit reporting agency. The name and address of the screening company can be obtained from either the Criteria for Residency form or the manager. Applicant's copy of this application shall be the receipt for the screening fee. If this application is approved, applicants will have 72 hours from the time of notification to return to execute a Rental Agreement and to pay the amount required as a security deposit, as determined by the application screening process. If applicants fail to execute a rental agreement and to pay the security deposit referenced above, they will be deemed to have refused the unit and the next application for the unit will be processed. Landlord shall have no liability to applicant until such time as a rental agreement is signed by both parties. I/We understand that giving incomplete or false information is grounds for rejection of this application. If any information supplied on this application is later found to be false, this will be grounds for termination of tenancy. Applicant acknowledges receipt of a copy of the Criteria for Residency. The information contained in this application is true and complete. By signing below, and through the process of applying for housing, I/we do hereby certify that the apartment applied for shall serve as our primary residence.

Applications and background screening will be valid for a 90 day period from the date of screening report. If the applicant(s) fails to execute a rental agreement within the states 90 day period, an updated application/background screening will need to be obtained with costs paid by the applicant.

By signing this application you consent to the release of wage matching data to RHS and the borrower.

Applicant's Signature _____ Date _____

Agent's Signature _____ Date _____

**The Federal Government has asked managing agents to track this information.
Answering these questions is on a voluntary basis.**

SEX: ☐ MALE ☐ FEMALE

ETHNICITY: ☐ HISPANIC OR LATINO (OF ANY RACE) ☐ NOT HISPANIC OR LATINO

RACE: ☐ AMERICAN INDIAN/ALASKA NATIVE
☐ ASIAN
☐ BLACK OR AFRICAN AMERICAN
☐ NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER
☐ WHITE

The information regarding race, ethnicity and sex designations solicited on this application is requested in order to assure the Federal Government, acting through the Rural Housing Service, that the Federal laws prohibiting discrimination against tenant applications on the basis of race, color, national origin, religion, sex, familial status, age and disability are complied with. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, the owner is required to note the race, ethnicity and sex of individual applicants on the basis of visual observation or surname.

If you are applying for residency under the HOME Program: This application and your occupancy of the premises are governed by the Regulations of the State of California, Department of Housing and Community Development, HOME Investment Partnerships Program (HOME Program), Title 25 of the California Code of Regulations, Section 9200, et. Seq. and the Federal Final Rule 24 CFR Part 92 (Rule).

MOVE-IN REQUIREMENT SUMMARY

We are focused on providing you with the most efficient and highest quality service possible during the complex process of approving your application for housing.

This community shall be operated in accordance with certain local, state and federal guidelines which establish income eligibility guidelines. The information contained in this summary will help you prepare for certain compliance-related aspects of the application screening process.

In order to approve your application for housing, we will need the following documents. All documents received must be legible and verifiable.

- 1) If you are presently employed, we will require three months (or 6-8 for HUD properties) of **CONSECUTIVE** pay stubs indicating your wages earned, hours worked and certain deductions. Pay stubs must be current within the past 90 days. If you hold more than one job, pay stubs will be required for all jobs.
- 2) If currently unemployed and receiving unemployment benefits, please bring in current statement of benefits.
- 3) Bank contact information for all bank accounts must be provided. If applying for a unit with HOME funding, you are also required to provide six (6) months of consecutive bank statements for all checking accounts and the most current bank statement for all savings accounts. Please defer to the management staff to understand if the unit you are applying for has HOME funding.
- 4) If applicable, a divorce decree and/or documentation regarding child support or alimony received or to which you are entitled.
- 5) Federal Tax Return for most recent one year; second year may be requested. (If applicable)
- 6) For self-employed applicants, we will require your business profit and loss statement (IRS Form Schedule C) as well as your most recent Federal Tax Return.
- 7) Current documentation (within the last 90 days) of any 401k, IRA, stocks, or pension funds you hold.
- 8) If applicable, a copy of the benefit award letter documenting Social Security, Supplemental Social Security, Pension or Military Benefits paid to all members of your household.

Additional information may be required depending on your individual circumstances. We will notify each applicant on a case by case basis of additional documentation needed and/or forms required for signature. Such a notification will follow within one to three business days of your completed application reaching the on-site manager.

The items noted above will be requested from you only after your background screening has been approved. Please do not forward this information to the on-site manager with your application for housing. Instead, please gather and hold this information until you are notified by the on-site manager that your application for housing has received preliminary approval.

SUPPLEMENT TO APPLICATION

CAMBRIDGE
real estate services

Thank you for your interest in _____ Apartments.

Application Fee(s) \$ _____
(Application fees must be paid before screening initiated) (excludes HUD properties)

BELOW PLEASE FIND A LIST OF ALL APPLICABLE CHARGES AND DEPOSITS. AMOUNTS LISTED ARE SUBJECT TO CHANGE PRIOR TO SIGNING OF THE LEASE AGREEMENT.

Security Deposit Amount \$ _____
(Security deposit must be paid within 72 hours of approval)

Pet Deposit (if applicable) \$ _____

Other Deposit (if applicable) \$ _____

Other Deposit (if applicable) \$ _____

Monthly Stated Rent \$ _____ (may reflect range of rents offered)

Other Monthly Charge (if applicable) \$ _____

Other Monthly Charge (if applicable) \$ _____

Late Fee \$ _____ (\$50, excluding RD units)

NSF Fee \$35 plus applicable bank charges (excludes HUD properties)

Non-Compliance Fees \$50 per non-compliance (excludes HUD properties)

- Late Payment of Utility
- Failure to Clean Pet Waste (\$5.00 HUD properties)
- Failure to Clean Garbage/Rubbish
- Parking Violations or Improper Use of Vehicles

Smoke Alarm/Carbon Monoxide
Alarm Tampering Fee \$250 (excludes HUD properties)

Lease Break Fee Equal to 1.5 x monthly stated rent (excludes HUD & RD properties)
(applicable only if tenant vacates prior to lease end date)

This institution is an equal opportunity provider.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; fax: (202) 690-7442; or email: program.intake@usda.gov.



TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

NAME: _____ ☐ Initial Certification ☐ Re-Certification ☐ Other ☐ I am a new household member who has occupied/will occupy unit on: _____	TELEPHONE NUMBER: () _____ Unit # _____
--	---

INCOME INFORMATION

MONTHLY GROSS INCOME

	Yes	No			
1.	☐	☐	I am self-employed (<i>list nature of self employment</i>) _____	(use adjusted net income for self-employment only)	\$ _____
2.	☐	☐	I have a job/have been offered employment and receive/will receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <u>Name of Employer:</u> 1. _____ 2. _____ 3. _____		\$ _____ \$ _____ \$ _____
3.	☐	☐	I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.		\$ _____
4.	☐	☐	I receive unemployment benefits.		\$ _____
5.	☐	☐	I receive Veteran's Administration, GI Bill, or National Guard/Military Benefits/Income		\$ _____
6.	☐	☐	I receive Social Security payments.		\$ _____
7.	☐	☐	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.)		\$ _____
8.	☐	☐	I receive Supplemental Security Income (SSI)		\$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

Yes No

9.	☐ ☐	I receive disability, EDD paid family leave, EDD disability insurance, or death benefits other than Social Security.	\$ _____
10.	☐ ☐	I receive Public Assistance Income (<i>examples: TANF, CalWorks, CAPI, AFDC, GA/GR</i>) <i>*Do not include CalFresh, SNAP, Food Stamps</i>	\$ _____
11.	☐ ☐	I am entitled to receive child support payments (<i>court ordered or parental agreement</i>)	Total amount of support received:
	☐ ☐	I am currently receiving child support payments If yes, from how many persons do you receive support? _____	\$ _____
n/a		☐ ☐ ☐	
		I am not currently receiving support, but I am making efforts to collect child support owed to me. List efforts being made: _____ _____ _____	
12.	☐ ☐	I am entitled to receive alimony or spousal support payments (<i>court ordered or divorce agreement</i>)	Total amount of support received:
	☐ ☐	I am currently receiving alimony/spousal support payments If yes, from how many persons do you receive support? _____	\$ _____
n/a		☐ ☐ ☐	
		I am not currently receiving support, but I am making efforts to collect alimony or spousal support owed to me. List efforts being made: _____ _____ _____	
13.	☐ ☐	I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: _____ _____ _____	\$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

Yes No

14.	☐ ☐	I receive income from real or personal property.	(use net earned income) \$ _____
15.	☐ ☐	I receive student financial aid (<i>public/private, exclude loans</i>) Subtract cost of tuition from aid received <i>* For households receiving Section 8 assistance only</i>	\$ _____
16.	☐ ☐	Are any of the above noted income sources (<i>including Social Security, wages, unemployment, public assistance, disability, etc.</i>), currently being received as a Debit Visa or MC?	List Income Source: _____ _____
17.	☐ ☐	Do you anticipate receiving or have you applied for any income source that will begin in the next 12 months?	List Income Source: _____ _____

ASSET INFORMATION

Yes No

Interest Rate

Current Value

18.	☐ ☐	I have a checking account(s). If yes, list bank(s) 1. _____ 2. _____	_____ % _____ %	\$ _____ \$ _____
19.	☐ ☐	I have a savings account(s). If yes, list bank(s) 1. _____ 2. _____	_____ % _____ %	\$ _____ \$ _____
20.	☐ ☐	I have funds on an EBT card, Debit Visa, or Debit MC		Current Balance: \$ _____
21.	☐ ☐	I have available funds held in a payment service account, such as Venmo, PayPal, Skrill, etc. Source: _____ _____		\$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

	Yes	No		Interest Rate	Current Value
22.	☐	☐	I have a revocable trust(s) If yes, list bank(s) 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
23.	☐	☐	I own real estate. If yes, provide description: 1. _____ 2. _____		 \$ _____ \$ _____
24.	☐	☐	I own crypto currency such as Bitcoin, Litecoin, Ethereum, etc. If yes, list type: 1. _____ 2. _____	Average Change over a 3 month period: _____ % _____ %	 \$ _____ \$ _____
25.	☐	☐	I own stocks, bonds, or treasury bills. If yes, list sources/bank names 1. _____ 2. _____	Rate of return or 3 month average: _____ % _____ %	 \$ _____ \$ _____
26.	☐	☐	I have Certificates of Deposit (CD) or Money Market account(s). If yes, list sources/bank names 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
27.	☐	☐	I have an IRA, lump sum pension, Keogh account, or 401K. If yes, list bank(s): 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
28.	☐	☐	I have a life insurance policy with a cash/surrender value. If yes, how many policies? _____		 \$ _____
29.	☐	☐	I have disposed of assets (<i>i.e. gave away money/assets</i>) for less than the fair market value in the last 2 years. If yes, list items and date disposed: 1. _____ 2. _____		 \$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

30.	☐ ☐	I have cash on hand in excess of \$250.		\$ _____
-----	---	---	--	----------

Yes No STUDENT ELIGIBILITY

☐ ☐	I am a part-time student
☐ ☐	I am a full-time student (<i>Example: K-12, College, Trade School, etc.</i>)
☐ ☐	Does the entire household consist of people who are currently <u>full-time</u> students?
☐ ☐	Does the entire household consist of people who are either currently a full time student or were a full-time student for 5 months or more in the current calendar year?
☐ ☐	Does your household anticipate becoming an all full-time student household in the next 12 months?

Yes No *If you answered yes to any of the previous 5 questions, are you:*

☐ ☐	Receiving assistance under Title IV of the Social Security Act (<i>AFDC, TANF, CalWorks - not SSA/SSI</i>)
☐ ☐	Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA), Workforce Investment Act (WIA), or other similar federal, state, or county government program
☐ ☐	Married and filing (<i>or are entitled to file</i>) a joint tax return (<i>please provide copy of marriage certificate or tax return</i>)
☐ ☐	Single Parent with a dependent child(ren) and neither you or your child(ren) are dependents of another individual
☐ ☐	Previously enrolled in the Foster Care Program (<i>currently age 18-24</i>)

Under penalties of perjury, I certify that the information presented on this form is true and accurate to the best of my knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information will result in the denial of application or termination of the lease agreement.

Printed Name of Applicant / Tenant

Signature of Applicant / Tenant

Date

Witnessed by (Signature of Owner Representative)

Date

**Child and Spousal Support
Affidavit**

Applicant / Resident Name: _____

Development Name: _____

Unit Number / Identification: _____

Child support and/or spousal support payments that are received shall be included as income whether or not there is yet a court order awarding payment.

Child/Spousal support amounts awarded by the courts but not received can be excluded only when third party documentation verifies that payments are not being made and that all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment, have been taken.

As part of the qualification process required by federal and/or state housing programs with jurisdiction over this development the following information is needed:

A. Do you receive child support and/or spousal support?	Yes ☐	No ☐	 <i>Go to B</i> <i>Go to C.1</i>
B. I receive:			
1. Payment Amount	\$	_____	
2. Frequency		_____	
3. Name(s) of Recipient(s)	_____ _____ _____ _____		
4. Name of Source(s)	_____ _____ _____		
5. Go to C.1			
C.	Yes ☐	No ☐	
1. Have you been awarded child or spousal support by court order?	<i>Go to C.2</i>	Sign Form	
2. <i>Provide copy of court order</i>			
Enter amount of award: _____			
Frequency of award: _____			
<i>Go to C. 3</i>			
3. Is payment being received as awarded?	Yes ☐	No ☐	
		<i>Go to 3.a</i>	<i>Go to 3.b</i>
a. Indicate the manner by which payment is received and sign form.			
i. _____ Enforcement Agency		Name of Agency: _____	
<i>Provide Agency Printout</i>			

**Child and Spousal Support
Affidavit**

ii. _____ Court of Law	Name of Court: _____
iii. _____ Direct from responsible party	Name Source _____
iv. _____ Other	Explain: _____ _____
 b. If payment is not received or if amount received is less than amount awarded, provide details and documentation of collection efforts. _____ _____ _____	

Under penalty of perjury, I certify that the information presented in this affidavit is true and accurate to the best of my knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Applicant/Resident Signature

Date

SWORN SELF-CERTIFICATION OF CHILD SUPPORT AND/OR ALIMONY

Applicant/Tenant Name: _____

Unit #: _____

Project Name: _____

LIST THE NAMES OF ALL CHILDREN LIVING IN THE UNIT:

Child 1: _____ Child 2: _____ Child 3: _____
Child 4: _____ Child 5: _____ Child 6: _____

CHILD SUPPORT (ALL CHILDREN MUST BE ACCOUNTED FOR) – CHECK ALL THAT APPLY:

- ☐ **BOTH** parents of the following children reside in the unit (check all that apply): ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6
- ☐ **I DO NOT** receive any form of child support payments for the following child(ren): ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6
- ☐ **I DO NOT** anticipate seeking or receiving child support payments within the next 12 months due to the following:
- ☐ Domestic violence issues with absent parent ☐ Absent parent is incarcerated
- ☐ Location of absent parent is not known ☐ Absent parent is deceased
- ☐ Other (explain): _____

☐ Child support has not been court-ordered, or ☐ Child support has been court-ordered but is not being received.

☐ I receive/will be receiving **court-ordered*** child support each ☐ week or ☐ month, in the amount(s) of:

\$_____ (Child 1) \$_____ (Child 2) \$_____ (Child 3)

\$_____ (Child 4) \$_____ (Child 5) \$_____ (Child 6)

* **The following items can be used to verify the amounts listed within this section: separation agreement, divorce decree, court clerk verification statement, a printout or verification from the child support enforcement agency, or a copy of the most recent support check with documentation regarding the frequency of payments.**

☐ I receive/will be receiving **non-court-ordered**** child support each ☐ week or ☐ month, in the amount(s) of:

\$_____ (Child 1) \$_____ (Child 2) \$_____ (Child 3)

\$_____ (Child 4) \$_____ (Child 5) \$_____ (Child 6)

****A notarized statement must be obtained by each Payer certifying to the amount of benefits being provided.**

ALIMONY – CHECK ALL THAT APPLY:

- ☐ I receive/will be receiving **court-ordered** alimony in the amount of \$_____ each ☐ week ☐ month.
- ☐ I receive/will be receiving **non-court-ordered** alimony in the amount of \$_____ each ☐ week ☐ month.
- ☐ **I DO NOT** receive any form of alimony payments (there is no court-order).

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Signature of Applicant/Tenant _____

Printed Name of Applicant/Tenant _____

Date _____

NOTE: Section 1001 of Title 18 of the U. S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

TAX CREDIT STUDENT CERTIFICATION



CAMBRIDGE
real estate services

Property Name Lone Oak Senior Property No. _____

Resident/Applicant: All residents/applicants 18 years or older (or any minors acting as head, spouse or co-head), must complete this form at time of all certifications. Please complete ONE of the following statements that apply to your situation.

Name _____ Apartment No. _____

This apartment community must follow the rules and regulations of the Tax Credit Program or Section 42 of the IRS Code. A household comprised entirely of full time students (adults and minors) is not eligible to reside in this apartment community unless the household meets one of the four exceptions listed below. Full-time students are defined as individuals who attend school a minimum of 5 months per calendar year, and are designated to be full-time by the school in which they attend. Minors that are in kindergarten through grade twelve are automatically considered full time students.

1. At least one adult in the unit is married, not necessarily to another adult living in the unit, and filed a joint federal tax return the previous year. (To verify this exception, a copy of the marriage certificate and a copy of the previous year's tax return must be provided by the applicant and kept in the resident file).
2. Single parents and their children and such parent and children are not dependents (as defined in section 152) of another individual. (To verify this exception, a copy of the most recent tax return must be provided by the resident or applicant).
3. A household member is a recipient of Aid to Families with Dependent Children (AFDC) or Temporary Assistance for Needy Families (TANF). (Verification must be obtained from AFDC or TANF to qualify for this exception).
4. A household member is a participant in a federal, state or local job-training program comparable to those funded by the Job Training Partnership Act (JTPA). (Verification must be obtained to qualify for this exception).
5. A household member who was previously under the care and placement responsibility of the State agency responsible for administering a plan under part B or part E of title IV of the Social Security Act.

Please mark one of the choices below which best describes your current or future status as a student in the next 12 months.

1. ☐ I, _____, certify that I am currently not a student (part-time or full-time), nor do I intend to become a student any time within the next 12 months.
2. ☐ I, _____, certify that I am currently not a student (part-time or full-time); however, I plan to enroll as a part-time student in the next 12 months.
3. ☐ I, _____, certify that I am currently a part-time student and I plan to remain a part-time student for the next 12 months.
4. ☐ I, _____, certify that I am currently not a student (part-time or full-time); however, I plan to enroll as a full-time student in the next 12 months.
5. ☐ I, _____, certify that I am currently a full-time student.

Please list the names of any minors in the household that are currently students or will become students in the next 12 months.

(If this section does not apply, fill in N/A)

I understand that my household is required to supply verification that we meet one of the four exceptions listed above if I indicate that I am currently a full-time student, plan on enrolling as a full-time student or if my household indicates that all members are full time students. If I cannot supply verification that my household meets one of the exceptions, I understand my household is not eligible to move in or is no longer eligible to live in this apartment community and will be required to vacate in 30-days.

I HAVE READ AND UNDERSTAND THIS DOCUMENT AND CERTIFY THAT I HAVE COMPLETED IT TRUE AND CORRECT. I ALSO UNDERSTAND THAT SHOULD MY STUDENT STATUS CHANGE DURING THE NEXT 12 MONTHS, I MUST NOTIFY THE ON-SITE MANAGER IMMEDIATELY.

Resident/Applicant Signature _____ Date _____

Manager Signature _____ Date _____

Under \$5,000 Asset Certification*For households whose combined net assets do not exceed \$4999.99.*

Complete one form for households with joint assets or one form per person with separate assets. If a household contains both joint and separate assets, use separate forms and list the joint asset on both forms with the statement **(Joint)** next to the applicable asset.

Household Name: _____ Unit #: _____

Development Name: _____ City: _____

Complete the following:**1. Choose one:**
☐ I/we do not have any assets at this time.

If this box is checked, draw a line through the asset information below and go to Question #2.

☐ My/our assets include:

Please complete fully. Put a zero, line, or dash in columns that do not apply.

(A)	(B)	(A*B)		(A)	(B)	(A*B)	
Cash	Int.	Annual	Source	Cash	Int.	Annual	Source
Value*	Rate	Income		Value*	Rate	Income	
\$	_____	_____	Checking I	_____	_____	_____	Savings I
\$	_____	_____	Checking II	_____	_____	_____	Savings II
\$	_____	_____	EBT / Debit	_____	_____	_____	CD
\$	_____	_____	Paypal/Venmo/Etc	_____	_____	_____	Crypto
\$	_____	_____	IRA Account	_____	_____	_____	401K
\$	_____	_____	Money Market	_____	_____	_____	Trust
\$	_____	_____	Cash >\$250	_____	_____	_____	Stocks
\$	_____	_____	Life Insurance Policies with cash out option				
\$	_____	_____	Other Retirement/Pension Funds not named above				
\$	_____	_____	Other (list) _____				

Note: Certain funds (retirement, pension, trust) may not be fully accessible. Include only the amounts that are.

** Cash value is defined as market value minus the cost of converting the asset to cash, such as, broker's fees, settlement costs, outstanding loans, early withdrawal penalties, etc.*

2. Choose one:
☐ I/we have not sold or given away assets (including cash, real estate, etc.) for less than market value during the past two (2) years.

☐ Within the past two (2) years, I/we have sold or given away assets (including cash,

Under \$5,000 Asset Certification

For households whose combined net assets do not exceed \$4999.99.

real estate, etc.) for more than \$1,000 below their fair market value (FMV).

Those amounts are included above and are equal to a total of: _____

Amount equals the difference between fair market value and the amount received

3. Please complete:

The net family assets (as defined in 24 CFR 813.102) above do not exceed \$5,000 and the total annual income (add all annual income columns) from the net family assets is \$ _____ This amount is included in total gross annual income.

Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Applicant/Tenant Signature

Date

Applicant/Tenant Signature

Date

NOTE: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

NAME: _____ ☐ Initial Certification ☐ Re-Certification ☐ Other ☐ I am a new household member who has occupied/will occupy unit on: _____	TELEPHONE NUMBER: () _____ Unit # _____
--	---

INCOME INFORMATION

Yes No

MONTHLY GROSS INCOME

1.	☐ ☐	I am self-employed (<i>list nature of self employment</i>) _____	(use adjusted net income for self-employment only) \$ _____
2.	☐ ☐	I have a job/have been offered employment and receive/will receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <u>Name of Employer:</u> 1. _____ 2. _____ 3. _____	\$ _____ \$ _____ \$ _____
3.	☐ ☐	I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
4.	☐ ☐	I receive unemployment benefits.	\$ _____
5.	☐ ☐	I receive Veteran's Administration, GI Bill, or National Guard/Military Benefits/Income	\$ _____
6.	☐ ☐	I receive Social Security payments.	\$ _____
7.	☐ ☐	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.)	\$ _____
8.	☐ ☐	I receive Supplemental Security Income (SSI)	\$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

Yes No

9.	☐ Yes ☐ No	I receive disability, EDD paid family leave, EDD disability insurance, or death benefits other than Social Security.	\$ _____
10.	☐ Yes ☐ No	I receive Public Assistance Income (<i>examples: TANF, CalWorks, CAPI, AFDC, GA/GR</i>) <i>*Do not include CalFresh, SNAP, Food Stamps</i>	\$ _____
11.	☐ Yes ☐ No ☐ Yes ☐ No n/a ☐ Yes ☐ No ☐ No	I am entitled to receive child support payments (<i>court ordered or parental agreement</i>) I am currently receiving child support payments If yes, from how many persons do you receive support? _____ I am not currently receiving support, but I am making efforts to collect child support owed to me. List efforts being made: _____ _____ _____	Total amount of support received: \$ _____
12.	☐ Yes ☐ No ☐ Yes ☐ No n/a ☐ Yes ☐ No ☐ No	I am entitled to receive alimony or spousal support payments (<i>court ordered or divorce agreement</i>) I am currently receiving alimony/spousal support payments If yes, from how many persons do you receive support? _____ I am not currently receiving support, but I am making efforts to collect alimony or spousal support owed to me. List efforts being made: _____ _____ _____	Total amount of support received: \$ _____
13.	☐ Yes ☐ No	I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: _____ _____ _____	\$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

Yes No

14.	☐ Yes ☐ No	I receive income from real or personal property.	(use net earned income) \$ _____
15.	☐ Yes ☐ No	I receive student financial aid (<i>public/private, exclude loans</i>) Subtract cost of tuition from aid received <i>* For households receiving Section 8 assistance only</i>	\$ _____
16.	☐ Yes ☐ No	Are any of the above noted income sources (<i>including Social Security, wages, unemployment, public assistance, disability, etc.</i>) , currently being received as a Debit Visa or MC?	List Income Source: _____ _____
17.	☐ Yes ☐ No	Do you anticipate receiving or have you applied for any income source that will begin in the next 12 months?	List Income Source: _____ _____

ASSET INFORMATION

Yes No

Interest Rate

Current Value

18.	☐ Yes ☐ No	I have a checking account(s). If yes, list bank(s) 1. _____ 2. _____	_____ % _____ %	\$ _____ \$ _____
19.	☐ Yes ☐ No	I have a savings account(s). If yes, list bank(s) 1. _____ 2. _____	_____ % _____ %	\$ _____ \$ _____
20.	☐ Yes ☐ No	I have funds on an EBT card, Debit Visa, or Debit MC		Current Balance: \$ _____
21.	☐ Yes ☐ No	I have available funds held in a payment service account, such as Venmo, PayPal, Skrill, etc. Source: _____ _____		\$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

	Yes	No		Interest Rate	Current Value
22.	☐	☐	I have a revocable trust(s) If yes, list bank(s) 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
23.	☐	☐	I own real estate. If yes, provide description: 1. _____ 2. _____		 \$ _____ \$ _____
24.	☐	☐	I own crypto currency such as Bitcoin, Litecoin, Ethereum, etc. If yes, list type: 1. _____ 2. _____	Average Change over a 3 month period: _____ % _____ %	 \$ _____ \$ _____
25.	☐	☐	I own stocks, bonds, or treasury bills. If yes, list sources/bank names 1. _____ 2. _____	Rate of return or 3 month average: _____ % _____ %	 \$ _____ \$ _____
26.	☐	☐	I have Certificates of Deposit (CD) or Money Market account(s). If yes, list sources/bank names 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
27.	☐	☐	I have an IRA, lump sum pension, Keogh account, or 401K. If yes, list bank(s): 1. _____ 2. _____	 _____ % _____ %	 \$ _____ \$ _____
28.	☐	☐	I have a life insurance policy with a cash/surrender value. If yes, how many policies? _____		 \$ _____
29.	☐	☐	I have disposed of assets (<i>i.e. gave away money/assets</i>) for less than the fair market value in the last 2 years. If yes, list items and date disposed: 1. _____ 2. _____		 \$ _____ \$ _____

TENANT INCOME CERTIFICATION QUESTIONNAIRE

One Form per Adult Member of the Household

30.	☐ ☐	I have cash on hand in excess of \$250.		\$ _____
-----	---	---	--	----------

Yes No STUDENT ELIGIBILITY

☐ ☐	I am a part-time student
☐ ☐	I am a full-time student (<i>Example: K-12, College, Trade School, etc.</i>)
☐ ☐	Does the entire household consist of people who are currently <u>full-time</u> students?
☐ ☐	Does the entire household consist of people who are either currently a full time student or were a full-time student for 5 months or more in the current calendar year?
☐ ☐	Does your household anticipate becoming an all full-time student household in the next 12 months?

Yes No If you answered yes to any of the previous 5 questions, are you:

☐ ☐	Receiving assistance under Title IV of the Social Security Act (<i>AFDC, TANF, CalWorks - not SSA/SSI</i>)
☐ ☐	Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA), Workforce Investment Act (WIA), or other similar federal, state, or county government program
☐ ☐	Married and filing (<i>or are entitled to file</i>) a joint tax return (<i>please provide copy of marriage certificate or tax return</i>)
☐ ☐	Single Parent with a dependent child(ren) and neither you or your child(ren) are dependents of another individual
☐ ☐	Previously enrolled in the Foster Care Program (<i>currently age 18-24</i>)

Under penalties of perjury, I certify that the information presented on this form is true and accurate to the best of my knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information will result in the denial of application or termination of the lease agreement.

Printed Name of Applicant / Tenant

Signature of Applicant / Tenant

Date

Witnessed by (Signature of Owner Representative)

Date

Applicant / Resident Name: _____
Development Name: _____
Unit Number / Identification: _____

Child/Spousal support amounts awarded by the courts but not received can be excluded only when third party documentation verifies that payments are not being made and that all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment, have been taken.

A. Do you receive child support and/or spousal support?

Yes	No
<i>Go to B</i>	<i>Go to C.1</i>

1. Payment Amount \$ _____

2. Frequency _____

3. Name(s) of Recipient(s) _____

4. Name of Source(s)

		Yes	No
C.	1. Have you been awarded child or spousal support by court order?		
		<i>Go to C.2</i>	<i>Sign Form</i>

Enter amount of award: _____
Frequency of award: _____

3.	Is payment being received as awarded?	Yes <i>Go to 3.a</i>	No <i>Go to 3.b</i>
----	---------------------------------------	---	--

i. Enforcement Agency Name of Agency:

CA Tax Credit Allocation Committee
Child / Spousal Support Affidavit (Updated July 2022)

**Child and Spousal Support
Affidavit**

ii. _____ Court of Law	Name of Court: _____
iii. _____ Direct from responsible party	Name Source _____
iv. _____ Other	Explain: _____ _____
 b. If payment is not received or if amount received is less than amount awarded, provide details and documentation of collection efforts. _____ _____ _____	

Under penalty of perjury, I certify that the information presented in this affidavit is true and accurate to the best of my knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Applicant/Resident Signature

Date

TAX CREDIT STUDENT CERTIFICATION



CAMBRIDGE
real estate services

Property Name _____ Property No. _____

Resident/Applicant: All residents/applicants 18 years or older (or any minors acting as head, spouse or co-head), must complete this form at time of all certifications. Please complete ONE of the following statements that apply to your situation.

Name _____ Apartment No. _____

This apartment community must follow the rules and regulations of the Tax Credit Program or Section 42 of the IRS Code. A household comprised entirely of full time students (adults and minors) is not eligible to reside in this apartment community unless the household meets one of the four exceptions listed below. Full-time students are defined as individuals who attend school a minimum of 5 months per calendar year, and are designated to be full-time by the school in which they attend. Minors that are in kindergarten through grade twelve are automatically considered full time students.

1. At least one adult in the unit is married, not necessarily to another adult living in the unit, and filed a joint federal tax return the previous year. (To verify this exception, a copy of the marriage certificate and a copy of the previous year's tax return must be provided by the applicant and kept in the resident file).
2. Single parents and their children and such parent and children are not dependents (as defined in section 152) of another individual. (To verify this exception, a copy of the most recent tax return must be provided by the resident or applicant).
3. A household member is a recipient of Aid to Families with Dependent Children (AFDC) or Temporary Assistance for Needy Families (TANF). (Verification must be obtained from AFDC or TANF to qualify for this exception).
4. A household member is a participant in a federal, state or local job-training program comparable to those funded by the Job Training Partnership Act (JTPA). (Verification must be obtained to qualify for this exception).
5. A household member who was previously under the care and placement responsibility of the State agency responsible for administering a plan under part B or part E of title IV of the Social Security Act.

Please mark one of the choices below which best describes your current or future status as a student in the next 12 months.

1. ☐ I, _____, certify that I am currently not a student (part-time or full-time), nor do I intend to become a student any time within the next 12 months.
2. ☐ I, _____, certify that I am currently not a student (part-time or full-time); however, I plan to enroll as a part-time student in the next 12 months.
3. ☐ I, _____, certify that I am currently a part-time student and I plan to remain a part-time student for the next 12 months.
4. ☐ I, _____, certify that I am currently not a student (part-time or full-time); however, I plan to enroll as a full-time student in the next 12 months.
5. ☐ I, _____, certify that I am currently a full-time student.

Please list the names of any minors in the household that are currently students or will become students in the next 12 months.

(If this section does not apply, fill in N/A)

I understand that my household is required to supply verification that we meet one of the four exceptions listed above if I indicate that I am currently a full-time student, plan on enrolling as a full-time student or if my household indicates that all members are full time students. If I cannot supply verification that my household meets one of the exceptions, I understand my household is not eligible to move in or is no longer eligible to live in this apartment community and will be required to vacate in 30-days.

I HAVE READ AND UNDERSTAND THIS DOCUMENT AND CERTIFY THAT I HAVE COMPLETED IT TRUE AND CORRECT. I ALSO UNDERSTAND THAT SHOULD MY STUDENT STATUS CHANGE DURING THE NEXT 12 MONTHS, I MUST NOTIFY THE ON-SITE MANAGER IMMEDIATELY.

Resident/Applicant Signature _____ Date _____

Manager Signature _____ Date _____

Under \$5,000 Asset Certification*For households whose combined net assets do not exceed \$4999.99.*

Complete one form for households with joint assets or one form per person with separate assets. If a household contains both joint and separate assets, use separate forms and list the joint asset on both forms with the statement **(Joint)** next to the applicable asset.

Household Name: _____ Unit #: _____

Development Name: _____ City: _____

Complete the following:**1. Choose one:**

☐ I/we do not have any assets at this time.
If this box is checked, draw a line through the asset information below and go to Question #2.

☐ My/our assets include:
Please complete fully. Put a zero, line, or dash in columns that do not apply.

(A)	(B)	(A*B)		(A)	(B)	(A*B)	
Cash	Int.	Annual	Source	Cash	Int.	Annual	Source
Value*	Rate	Income		Value*	Rate	Income	
\$	_____	_____	Checking I	_____	_____	_____	Savings I
\$	_____	_____	Checking II	_____	_____	_____	Savings II
\$	_____	_____	EBT / Debit	_____	_____	_____	CD
\$	_____	_____	Paypal/Venmo/Etc	_____	_____	_____	Crypto
\$	_____	_____	IRA Account	_____	_____	_____	401K
\$	_____	_____	Money Market	_____	_____	_____	Trust
\$	_____	_____	Cash >\$250	_____	_____	_____	Stocks
\$	_____	_____	Life Insurance Policies with cash out option				
\$	_____	_____	Other Retirement/Pension Funds not named above				
\$	_____	_____	Other (list) _____				

Note: Certain funds (retirement, pension, trust) may not be fully accessible. Include only the amounts that are.

** Cash value is defined as market value minus the cost of converting the asset to cash, such as, broker's fees, settlement costs, outstanding loans, early withdrawal penalties, etc.*

2. Choose one:

☐ I/we have not sold or given away assets (including cash, real estate, etc.) for less than market value during the past two (2) years.

☐ Within the past two (2) years, I/we have sold or given away assets (including cash,

Under \$5,000 Asset Certification

For households whose combined net assets do not exceed \$4999.99.
real estate, etc.) for more than \$1,000 below their fair market value (FMV).

Those amounts are included above and are equal to a total of: _____
Amount equals the difference between fair market value and the amount received

3. Please complete:

The net family assets (as defined in 24 CFR 813.102) **above do not exceed \$5,000 and the total annual income** (add all annual income columns) **from the net family assets is**
\$ _____ **This amount is included in total gross annual income.**

Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Applicant/Tenant Signature

Date

Applicant/Tenant Signature

Date

NOTE: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

LEASE ADDENDUM

VIOLENCE AGAINST WOMEN AND JUSTICE DEPARTMENT REAUTHORIZATION ACT OF 2005

TENANT	LANDLORD	UNIT NO. & ADDRESS
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This lease addendum adds the following paragraphs to the Lease between the above referenced Tenant and Landlord.

Purpose of the Addendum

The lease for the above referenced unit is being amended to include the provisions of the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA).

Conflicts with Other Provisions of the Lease

In case of any conflict between the provisions of this Addendum and other sections of the Lease, the provisions of this Addendum shall prevail.

Term of the Lease Addendum

The effective date of this Lease Addendum is _____. This Lease Addendum shall continue to be in effect until the Lease is terminated.

VAWA Protections

1. The Landlord may not consider incidents of domestic violence, dating violence or stalking as serious or repeated violations of the lease or other "good cause" for termination of assistance, tenancy or occupancy rights of the victim of abuse.
2. The Landlord may not consider criminal activity directly relating to abuse, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant's family is the victim or threatened victim of that abuse.
3. The Landlord may request in writing that the victim, or a family member on the victim's behalf, certify that the individual is a victim of abuse and that the Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066, or other documentation as noted on the certification form, be completed and submitted within 14 business days, or an agreed upon extension date, to receive protection under the VAWA. Failure to provide the certification or other supporting documentation within the specified timeframe may result in eviction.

Tenant

Date

Landlord

Date

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
If applicable, CDLAC#	If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H	Head of Household	S	Spouse	U	Unborn Child/Anticipated
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth	Enter each household member's date of birth.
Student Status	Check FT for Full-time student, PT for Part-time student, or N/A if household member is not a student and question does not apply.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)	
Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Federal LIHTC Income Limit per Unit Meets Federal Income Restriction at 60%, 50% or A.I.T (20% - 80%)	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 60%, 50% or A.I.T (20% - 80%) set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, or A.I.T. (20% - 60% = 140% X 60%, 70% = 140% X 70% and 80% = 140% X 80%) as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at or Federal A.I.T. at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets State Deeper Targeting Income Restriction at	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50%, 60% or A.I.T. (20% - 80%) set aside. This does not include state deeper targeting levels.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at or Federal A.I.T. at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets State Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Select the program(s) for which this household's unit will be counted toward the property's occupancy requirements. One response from the first column must be selected.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile

Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.

Resident/Applicant Initials

All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

INCOME RECERTIFICATION REQUIREMENT SUMMARY

This community shall be operated in accordance with certain local, state and federal guidelines which establish income eligibility guidelines. The information contained in this summary will help you prepare for certain compliance-related aspects of the recertification process.

In order to conduct your annual recertification, we will need the following documents. All documents received must be legible and verifiable.

- 1) If you are presently employed, we will require three months of **CONSECUTIVE** pay stubs indicating your wages earned, hours worked and certain deductions. Pay stubs must be current within the past 90 days. If you hold more than one job, pay stubs will be required for all jobs.
- 2) If currently unemployed and receiving unemployment benefits, please bring in current statement of benefits.
- 3) Bank contact information for all bank accounts, or six months of consecutive bank statements for **EACH** bank account that you have.
- 4) If applicable, a divorce decree and/or documentation regarding child support or alimony received or to which you are entitled.
- 5) Federal Tax Return for most recent one year; second year may be requested.
- 6) For self-employed applicants, we will require your business profit and loss statement (IRS Form Schedule C) as well as your most recent Federal Tax Return.
- 7) Current documentation (within the last 90 days) of any 401k, IRA, stocks, or pension funds you hold.
- 8) If applicable, a copy of the benefit award letter documenting Social Security, Supplemental Social Security, Pension or Military Benefits paid to all members of your household.

Additional information may be required depending on your individual circumstances. We will notify each resident on a case by case basis of additional documentation needed and/or forms required for signature. Such a notification will follow within one to three business days of your completed Tenant Income Certification Questionnaire reaching the on-site manager.

In preparation for your annual recertification, please gather and bring the above-listed information, where applicable, to your scheduled recertification meeting with the on-site manager. Thank you in advance for your cooperation.

This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

