

April 11, 2023

NEW TAMERLANE, LLC

c/o Affordable Housing Access, Inc.
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Shawn Boyd, Chief Investment Officer
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Council Member - District 3

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Council Member - District 4

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Council Member - District 5

Kim Bernice Nguyen
Council Member - District 6

Re: ***Preliminary Award Letter (Enforceable Financial Commitment)*** by the Garden Grove Housing Authority and City of Garden Grove to New Tamerlane, LLC Related to the Substantial Rehabilitation and Operation of a 78-Unit Affordable Housing Project Located on Tamerlane Drive, Garden Grove, California; Award Letter Issued pursuant to California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(f)(3), in Connection with Application(s) by New Tamerlane, LLC to the California Tax Credit Allocation Committee (TCAC) for a Reservation of Tax Credits

Dear Mr. Salamandrakis and Mr. Boyd:

This *Preliminary Award Letter (Enforceable Financial Commitment)* ("Award Letter") is dated as of April 11, 2023 ("Date of Award Letter") and is issued to *New Tamerlane, LLC*, a California limited liability company ("Developer"), by the Garden Grove Housing Authority ("Authority") and City of Garden Grove ("City")¹. This Award Letter sets forth the basic terms between and among the Parties to fulfill the requirements for the commitment of certain funds ("Garden Grove Loan") for Developer's substantial rehabilitation and long-term operation of the New Tamerlane Project (defined herein) as required by the California Tax Credit Allocation Committee ("TCAC").

Under the California Code of Regulations ("CCR"), Title 4, Division 17, Chapter 1, Section 10300, *et seq.*, in particular Sections 10322, 10325, 10325(f)(3) (as amended as of February 1, 2023, herein "Tax Credit Rules") and in connection with any application to TCAC for a Reservation of 9% Tax Credits a developer is required to evidence, among

¹ The Authority is a public body corporate and politic organized and existing pursuant to the California Housing Authorities Law, Health and Safety Code Section 34200, *et seq.* ("HAL") and serves as the housing successor to the former Garden Grove Agency for Community Development pursuant to Health and Safety Code Section 34170, *et seq.*, in particular Sections 34176 and 34176.1, ("Dissolution Law" or "Housing Successor Law"). The City of Garden Grove is a California municipal corporation ("City") and participating jurisdiction under certain HUD funding programs, including the HOME Program and CDBG Program. In this Award Letter, the City and the Authority may be referred to together as "Garden Grove". Statutory references in this Award Letter are to the California Health and Safety Code ("HSC") unless otherwise stated. Herein, each of the Authority, City and Developer is a "Party" and together the "Parties".

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other requirements, its “Enforceable Financing Commitments” for its affordable housing project, including commitments, if any, from the local jurisdiction. Developer is also seeking an award of competitively awarded State of California Tax Credits (State Tax Credits) (together with federal credits, Tax Credits”). This Award Letter is intended to evidence Garden Grove’s part of Developer’s Enforceable Financial Commitment that will be part of the funding for the New Tamerlane Project as defined and further described herein.

Developer intends to cause the planning, substantial rehabilitation, and long term operation of that certain 78-unit multifamily affordable housing project, comprised of fifteen (15) separate small multi-family buildings (that total 78 units), all located on Tamerlane Drive, Garden Grove, California (as combined, “New Tamerlane Properties”), which are described in Exhibit A, Legal Description of New Tamerlane Properties, attached hereto and fully incorporated by this reference, and are identified by the following Assessor Parcel Numbers (“APNs”): 231-471-31; 231-471-32; 231-471-33; 231-471-34; 231-471-35; 231-471-36; 231-471-37; 231-471-38; 231-471-39; 231-471-40; 231-471-41; 231-471-42; 231-471-43; 231-471-44; and 231-471-45.²

Garden Grove’s Enforceable Financial Commitment to Developer by this Award Letter includes that certain new, restructured “Garden Grove Loan” that will fund, in part, Developer’s substantial rehabilitation of the New Tamerlane Properties. The “Garden Grove Loan Amount” includes: (1) up to Three Million Six Hundred Forty-Six Thousand Dollars (\$3,646,000) subsidy of new funds from the following sources: (a) fifty percent (50%) of such amount from the Low and Moderate Income Housing Asset Fund (“LMIHAF”) pursuant to HSC Section 34176.1, and (b) fifty percent (50%) of such amount from the City’s formula allocation and award of Permanent Local Housing Allocation funds (“PLHA”) pursuant to HSC Section 50470, *et seq.* and the implementing guidelines issued by the State of California, Housing and Community Development Department (“State HCD”), and/or (c) up to eight (8) project-based housing vouchers (“PBVs”) (subject to the United States Department of Housing and Urban Development (“HUD”) procedures), along with (2) the reset and restructure of the fifteen outstanding loans issued by the City to the Prior Owner (defined below) and assumed by Developer, with the principal amount of restructured loan at \$8,879,321, which, as combined, would be issued by Garden Grove as a new residual receipt loan of Twelve Million Five Hundred Nineteen Three Hundred Twenty-One Dollars (\$12,519,321). (See Exhibit B.) The Garden Grove Loan is further described herein and in the implementing affordable housing agreement (“AHA”) are expressly subject to the Award Letter Condition Precedent (defined herein) and all terms and conditions herein and therein.

² The New Tamerlane Properties are located at the following common addresses: (1) 12131 Tamerlane, (2) 12132 Tamerlane, (3) 12141 Tamerlane, (4) 12142 Tamerlane, (5) 12161 Tamerlane, (6) 12162 Tamerlane, (7) 12171 Tamerlane, (8) 12172 Tamerlane, (9) 12181 Tamerlane, (10) 12182 Tamerlane, (11) 12201 Tamerlane, (12) 12202 Tamerlane, (13) 12211 Tamerlane, (14) 12212 Tamerlane, and (15) 12222 Tamerlane.

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1. Term of Award Letter. This Award Letter shall expire automatically on the date that is the *earliest* to occur of: (i) Developer's failure to receive a reservation of Tax Credits for the New Tamerlane Project as awarded by TCAC in either (A) the 2023 first round application, or if not awarded during the first round, then (B) the 2023 second round application, or (ii) December 31, 2023 ("Letter Expiration Date"), at which time the terms set forth herein shall be null and void, unless prior to the Letter Expiration Date this Award Letter is amended and extended in writing by the Authority Director and City Manager (together, "Director"), which decision to amend and extend, or not, is and shall remain in the sole and absolute discretion the Director. In the event, Developer does receive the reservation of Tax Credits for the New Tamerlane Project awarded from either the 2023 first round or 2023 second round application processes, then this Award Letter will remain in effect until the parties reach agreement on and enter into the AHA and cause the Closing of Financing (defined in Section 6 hereinafter).

2. Background of New Tamerlane Properties.

2.1 Original City Loan Agreements and Original Regulatory Agreements.

Between 2004 to 2012, the City provided financial assistance to Developer's predecessor-in-interest, Tamerlane Associates, LLC, a California limited liability company that was/is wholly owned and controlled by Charles H. "Chuck" Fry ("Prior Owner"), related to his original acquisition of the 15 multifamily properties with a total of 78 residential units (together, "Original Tamerlane Properties"). Pursuant to fifteen (15) separate affordable housing loan agreements, each with a regulatory agreement, related attachments, option agreements, and subsequent amendments (together, "Original Tamerlane Agreements"), the City made 15 deferred payment loans to the Prior Owner sourced from federal and local program sources to assist the Prior Owner in the acquisition and operation of the properties. Of the 78 apartments, 60 units, were restricted of record for tenancy and occupancy by households earning between 50% to 65% of the Orange County area median income ("AMI"); and, all 15 properties were covenanted of record as to ongoing ownership, property management, maintenance, insurance, and related obligations. The funding sources for the 15 loans issued by the City to the Prior Owner when he acquired each of the Original Tamerlane Properties and as set forth in the Original Tamerlane Agreements included:

(a) Community Development Block Grant ("CDBG") funds allocated to the City as a participating jurisdiction and loaned to the Prior Owner as to one (1) property (12131 Tamerlane);

(b) HOME Program funds allocated to the City as a participating jurisdiction for nine (9) properties (12141 Tamerlane, 12161 Tamerlane, 12181 Tamerlane, 12182 Tamerlane, 12210 Tamerlane, 12202 Tamerlane, 12211 Tamerlane, 12212 Tamerlane, and 12222 Tamerlane);

(c) City General Fund money designated as HOME "Match" funds for two (2) properties (12211 Tamerlane and 12142 Tamerlane);

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(d) Combination of HOME Program funds plus former redevelopment low to moderate income “20%” set-aside funds as to one (1) property (12132 Tamerlane); and

(e) former redevelopment low to moderate income 20% set-aside funds for two (2) properties (12162 Tamerlane and 12172 Tamerlane).

2.2 Sale and Assignment. On October 27, 2022, the Prior Owner sold all of the Original Tamerlane Properties to New Tamerlane, LLC. In connection therewith, the Prior Owner assigned, and Developer assumed, all rights and obligations under the Original Tamerlane Agreements pursuant to an unrecorded Assignment and Assumption Agreement (“Assignment”).

2.3 Amendment of Original Tamerlane Agreements. At and prior to the sale by the Prior Owner to Developer, a number of the Original Tamerlane Agreements had expired, both the loan maturity dates under the loan agreements and the term of the affordable housing covenants under the regulatory agreements, including 12131, 12141, 12161, 12171, 12181, 12182, 12201, 12202, 12212, and 12222 Tamerlane Drive. Therefore, concurrent with the sale, Garden Grove and Developer negotiated the terms of and entered into that certain *Amendment to Tamerlane Affordable Housing Loan Agreements and Regulatory Agreements* dated as of October 11, 2022 (“Amendment”) by which the maturity dates of those certain loans were reinstated and extended, and the expiration dates of the affordable housing and other covenants as to 49 of 78 units were extended, to December 31, 2025. This Amendment facilitated the assumption of the Original Tamerlane Agreements, as amended by the Amendment, and presently facilitates the restructure and terms of the new Garden Grove Loan that is committed by this Award Letter. Without such Amendment, certain housing units at the New Tamerlane Properties were “at-risk” of conversion to market rate housing; instead, the Developer now owns and continues to operate the New Tamerlane Properties as affordable housing, albeit such units, and the properties overall, are in dire need of substantial rehabilitation and new investment, and are “at risk” of conversion to market rate housing upon the expiration of the term of the affordable housing covenants as early as December 31, 2025 as to those 49 (of 78) units. The objective of this Award Letter is to provide Garden Grove’s Enforceable Financial Commitment, which will be a part of Developer’s application to TCAC for a reservation of Tax Credits, with other sources of funding to include the equity investment by an investor limited partner, proceeds of primary construction and permanent financing, along with the new and restructured Garden Grove Loan and the amendment and restatement of the affordable housing covenants under an Authority Regulatory Agreement that will have a reset “Affordability Term” of fifty-five (55) years, all pursuant to this Award Letter and in the implementing AHA described herein.

(a) The terms and conditions of the AHA will include affirmation of the existing Original Regulatory Agreements that have expiration dates later than December 31, 2025 (see Exhibit B); and, such affordable housing covenants as to income and rent (65% AMI and High HOME rent) will continue until and through the original expiration dates. This includes: (i) 12131, 12132, 12171 Tamerlane as to twelve (12) units (funded with

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HOME Program funds), which covenants expire in 2027; (ii) 12142 and 12211 Tamerlane as to seven (7) units (funded with City general fund HOME “Match” dollars), which covenants will expire in 2032; and (iii) 12162 and 12172 Tamerlane as to ten (10) units (funded with Former Agency set-aside funds, now treated as housing assets/LMIHAF funds), which covenants will expire in 2065. These 29 units will continue to be restricted for occupancy by 65% AMI tenant households at an affordable rent not exceeding “High HOME” rent. Upon expiration, these units would be covered by and subject to the TCAC regulatory agreement for the remaining term of the 55-year TCAC affordability period in connection with the reservation and implementation of the Tax Credits and the AHA after the Award Condition Precedent is satisfied by Developer.

(i) Therefore under the terms of the AHA, 29 (of 78) units will remain covenanted for occupancy by tenants with income up to 65% AMI at “High HOME” rent and shall *not* be subject to upward adjustment and increased rent under the AHA, but will be subject to the TCAC regulatory agreement and no longer be at-risk of conversion to market rent at the expiration of such existing covenants in 2027, 2032 and 2065 as noted above.

(ii) Further, under the AHA, 49 (of 78) units will be covenanted by the new Garden Grove Regulatory Agreement for occupancy by (A) Extremely Low Income 30% AMI tenants as to eight (8) units at an Affordable Rent pursuant to HSC 50053 based on the LMIHAF funding allocated to such units, and (B) Low Income 60% AMI tenants as to forty-one (41) units based on the PLHA funding allocated to such units, all as set forth in the “Prescribed Unit Mix” for the New Tamerlane Project, Exhibit B.

(iii) If the New Tamerlane Project receives the reservation of Tax Credits, then pursuant to the TCAC regulatory agreement, all 78 units will be restricted as affordable housing for Low, Very Low and Extremely Low income households at an affordable rent in compliance with the Tax Credit Rules and pursuant to the TCAC regulatory agreement, including the Manager’s Unit that will be restricted for occupancy by a 100% AMI household.

(b) Further, Developer agrees that the AHA will include provisions that an existing tenant who might have been subject to a rent adjustment and increase based on the Prescribed Unit Mix for the New Tamerlane Project will be allowed to remain a tenant in that unit under the affordable income and rent restrictions that fit such tenant’s household income pursuant to the applicable covenants of the Amendment, or the AHA, or the Tax Credit Rules, whichever is applicable and more favorable to the tenant, until and when such tenant household voluntarily moves from the New Tamerlane Project in order to not cause an increase in the monthly rent due from such existing tenant, and to prevent permanent displacement of existing tenant(s) by implementation of the AHA, which is subject to the Relocation Law (defined herein). Based on the verified household income for the existing tenants, some may benefit from the Prescribed Unit Mix under the AHA, which may result in reduced monthly rent to the Affordable Rent applicable to such unit.

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(c) Upon each move-out of such existing tenant from, and then a new tenancy at, each applicable Housing Unit (whether move-out occurs voluntarily by the existing tenant at their sole decision, or if move-out occurs in the event of eviction for cause) the next tenant household to occupy a New Tamerlane Housing Unit will be subject to the income and Affordable Rent covenants of the AHA based on the Prescribed Unit Mix set forth in the AHA and implementing Regulatory Agreement (or the TCAC Rules under the TCAC regulatory agreement, whichever is more favorable to the tenant household.)

2.4 Dissolution of Former Agency; Authority as Housing Successor. Prior to February 1, 2012, the Garden Grove Agency for Community Development (“Former Agency”) was public body, corporate and politic and community redevelopment agency duly organized and existing under the California Community Redevelopment Law, HSC Section 33000, *et seq.* (“CRL”), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council of the City of Garden Grove (“City Council”).

(a) Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the HSC that caused the dissolution of all California redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the “Dissolution Law”); and on and as of February 1, 2012 the Former Agency was dissolved under the Dissolution Law.

(i) On January 17, 2012, the City Council adopted Resolution No. 9089-12 by which the City declined to assume the housing assets and responsibility to perform the housing functions performed previously by the Former Agency and designated the Housing Authority to serve and act as the “housing successor” under HSC Section 34176(b).

(ii) Under HSC Section 34176(a)(2), the Authority, as housing successor to the Former Agency, prepared a Housing Asset Transfer Schedule (“HAT”) and submitted the HAT to the State of California, Department of Finance (“DOF”) for review and approval. On August 30, 2012, the DOF approved the HAT with certain modifications that are unrelated to the New Tamerlane Properties. The DOF-approved HAT, among other housing assets, includes the several original loans that were sourced in all or part with monies from the Former Agency’s low to moderate income housing fund, which loans and covenants thereof are housing assets under the Dissolution Law.

3. Assignment by Developer to New Garden Grove Community, LP.

3.1 Developer Obligation to Assign Award Letter to New Joint Non-Profit Entity. In connection with implementation of this Award Letter, the AHA, and the application(s) to TCAC for funding approval, Developer intends to form and assign this Award Letter to a new joint entity of Affordable Housing Access, Inc., a California nonprofit corporation (“AHANP”) and Kingdom Development Inc., a California nonprofit public benefit corporation (“Kingdom NP”), either as a limited partnership or limited liability company, to

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undertake and complete the New Tamerlane Project. Developer has informed Garden Grove that the new entity will be called New Garden Grove Community, LP, a California limited partnership, of which AHANP and Kingdom NP are the co-managing general partners. After such assignment and assumption, the new entity is referred to as the “Developer” or the Joint Non-Profit.

(a) Developer shall cause and complete the assignment of this Award Letter to the Joint Non-Profit, as soon as practicable after the Award Letter is approved by Garden Grove, with a primary objective to complete such assignment prior to submitting an application to TCAC.

(b) Developer shall provide the assignment and assumption agreement to Garden Grove and its legal counsel for review prior to execution of such instrument. Once executed and recorded in the Official Records, the assignee Developer entity shall submit evidence of the formation of the new entity as filed with the Secretary of State; and thereafter, wherever the term Developer is used herein, it shall mean the Joint Non-Profit.

4. Developer Ownership of New Tamerlane Properties. As noted in Section 2 above, presently, Developer owns in fee the New Tamerlane Properties.

(a) Developer represents and warrants to Garden Grove: (i) it is the fee owner of the New Tamerlane Properties, and (ii) it is not default as to each or any of such New Tamerlane Properties under the Original Regulatory Agreements, the Original Loan Agreements, all as amended by the Amendment, and any other contracts or instruments affecting the New Tamerlane Properties.

5. New Affordable Housing Agreement.

5.1 Description of the New Tamerlane Project. The New Tamerlane Project will include the 78 apartment units within the 15 New Tamerlane Properties (together, “Housing Units” and each a “Housing Unit”). As of the Date of Award Letter, the New Tamerlane Project will include 31 one-bedroom units, 38 two-bedroom units, and 9 three-bedroom units, including one of the three-bedroom units to be reserved as the Manager’s Unit for occupancy by an onsite manager, which unit will be either restricted at 100% AMI or unrestricted as to income and rent. The allocation of income and rent restrictions, this is the “Prescribed Unit Mix”, for the 78 Housing Units is set forth in Exhibit B, attached to this Award Letter and fully incorporated by this reference; this Prescribed Unit Mix is also set forth in the March 29 Proforma, Exhibit C, attached hereto and fully incorporated by this reference.

(a) **Description of the Substantial Rehabilitation.** Developer retained the services of Partner Engineering to conduct and prepare a physical needs assessment of the New Tamerlane Properties, including all improvements both exterior areas and interiors of all Housing Units, the results of which are set forth in that certain “Property Condition Report, Tamerlane Apartments, 12131-12222 Tamerlane Drive, Garden Grove, California 92843, Project No. 23-400094.1” dated as of March 6, 2023 (“PNA”). The PNA describes

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the conditions of, and necessary and recommended improvements to the New Tamerlane Properties that will be required as a part of the substantial rehabilitation and overall improvements that comprise the New Tamerlane Project. Developer provided the following summary of the scope of rehabilitation and the full scope of rehabilitation will be set forth in the AHA and shall not be less in scope and costs of rehabilitation required by the Tax Credit Rules.

(i) The scope of construction and substantial rehabilitation will include, but will not be limited to; interior renovations of every apartment with new kitchen and bathroom upgrades and renovations, interior paint, new flooring, new doors, electrical upgrades, new lighting, HVAC replacement, new electrical and plumbing fixtures and other interior amenities. Major system upgrades will include unit electric subpanels, possible main electrical switchgear, and plumbing re-pipe of all units with new water distribution systems along with hot appliance replacement. Exterior and additional renovations and improvements will include, but not be limited to, architectural elements, re-imagined facades, new roof systems, wood replacement, corrective measures to address wood destroying organism damage, new windows, exterior paint and stucco, demolition of exiting non-conforming garages and carports, new and reconfigured concrete and paver parking, construction of two ADA compliant laundry rooms, construction of a management office and community room, elimination of five unnecessary driveways, reconfiguration of drive aisle for ingress and egress, construction of four ADA compliant trash enclosures, modification of eight (8) existing units to conform to Uniform Federal Accessibility Standards (“UFAS”) for accessibility and mobility, and four (4) units designated as communication accessible. UFAS standards will ensure that the buildings and facilities are designed, built, altered or leased with are safe, accessible and usable by people of all ages and abilities. Developer’s goal is to harmonize the site to create a single, contiguous community by eliminating division between buildings, tying the site together with new ADA-compliant paths of travel, landscape renovation, new patio fencing, reconstructed staircases and landings. At the end of Tamerlane Drive, which is a cul-de-sac street, Developer intends to install a playground that will also serve as an artistic expression embracing the vision of community buildings in addition to various forms or sculpture or mural art. The mutual objective of Garden Grove, Developer and the community is to create an entirely new affordable housing community, restricted for the 55-year Affordability Period to serve residents income-eligible households at an Affordable Rent.

(A) A “Preliminary Site Plan” of the New Tamerlane Project is attached to this Award Letter as Exhibit D and is fully incorporated by this reference.

6. Award Letter Condition Precedent; Reservation and Funding Award from TCAC for Tax Credits. Developer has applied to Garden Grove for issuance of this Award Letter, and subject to the satisfaction of the conditions precedent described herein, in particular the reservation of Tax Credits (herein, “Award Letter Condition Precedent”), desires to implement this Award Letter and enter into the AHA. The complete terms, conditions, and provisions of the AHA will be negotiated between Garden Grove and Developer representatives and then entered into between and among the parties at a time

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concurrent with (a) the closing of Developer's construction financing, (b) entering into a limited partnership agreement between Developer and its investor limited partner as tax credit equity investor, and (c) related actions to commence substantial rehabilitation of the New Tamerlane Properties for the New Tamerlane Project (together, "Closing of Financing"). If the Award Letter Condition Precedent is satisfied by Developer, then under the AHA, Developer will substantially rehabilitate, operate, manage, and maintain the New Tamerlane Properties for affordable rental housing consisting of the 78 apartments with onsite parking, amenities, and ancillary improvements for tenancy/occupancy by qualified Extremely Low, Very Low, and Low Income households at an Affordable Rent with no units being restricted on the basis of age (collectively, the "New Tamerlane Project" or "Project").

7. Commitment of Garden Grove Loan; Providing Garden Grove Loan under AHA.

7.1 Garden Grove Loan. Subject to the conditions described herein, the Garden Grove Loan will be evidenced by the Garden Grove Loan Note and secured by the Garden Grove Loan Deed of Trust. The Garden Grove Loan is a combination of: (a) approximately \$3.64M subsidy of new funds sourced 50% from LMIHAF and 50% from PLHA funds as described in the second full paragraph of page 2 herein.

(a) The portion of the Authority Loan sourced from the LMIHAF is subject to the Dissolution Law, in particular Section 34176.1; and, the portion of the Authority Loan sourced from PLHA funds is subject to the requirements of, and in implementation of, Chapter 364, Statutes of 2017 (SB 2, Atkins) as authorized by HSC Section 50470, *et seq.*, which created the Building Homes and Jobs Trust Fund and the PLHA program, and the *Permanent Local Housing Allocation Final Guidelines* dated October 2019 as promulgated, and hereafter supplemented and/or amended, by State HCD (together, "PLHA Program"). And, the award of PBVs, if any, is subject to HUD requirements.

(i) As of the Date of Award, Garden Grove will fund the Garden Grove Loan from one-half LMIHAF funds, and the other one-half from PLHA funds, which PLHA monies are "match" funds as set forth in the City's five-year "PLHA 302 Plan" approved by State HCD.

(A) In this regard, the City's PLHA 302 Plan approved by State HCD includes use and expenditure of allocated PLHA funds as the "Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176."

(B) Further, the New Tamerlane Project will implement another PLHA Program eligible activity of "... rehabilitation, and preservation of multifamily, ... rental housing that is Affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary Operating subsidies."

(b) As set forth in Section 7.2 below, in the event, that Garden Grove elects to provide from one (1) up to eight (8) PBVs to the Developer for the New Tamerlane

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Project, then the cash subsidy amount and principal of the Garden Grove Loan Amount shall be reduced by \$455,750 for each PBV awarded to the New Tamerlane Project. In such event, Garden Grove reserves all rights and sole discretion to reduce *pro rata* the LMIHAF and PLHA funds for the cash subsidy, if less than eight (8) PBVs are awarded.

(c) In connection with the restructure of the original City loans assumed by Developer, the City, with HUD's knowledge and consent, can forgive the accrued interest on such original City loans, with only the original principal amount total of \$8,879,321 carried over and made a part of the Garden Grove Loan Amount. The Garden Grove Loan shall accrue three percent (3%) simple interest per annum, and the term of the promissory note will be not less than 55 years. The new Garden Grove Loan is a part of the financing for, and to facilitate, the planning, design, construction of the substantial rehabilitation, operation, management and maintenance of the New Tamerlane Project for not less than the 55-year Affordability Period described herein and hereafter in the AHA, subject to satisfaction of the Award Letter Condition Precedent. *The Garden Grove Loan Amount is hereby committed to the New Tamerlane Project subject to satisfaction of the Award Letter Condition Precedent and the other terms and conditions of this Award Letter.* The final Garden Grove Loan Amount shall be determined after Developer meets the Award Letter Condition Precedent, based on an updated Financial Gap Analysis (defined and further described in Section 14) and subject to a subsidy layering review ("SLR") and analysis, which shall occur prior to the Closing of Financing. In this regard, Garden Grove (and its consultant and counsel) will evaluate and establish more specifically in the AHA the terms and conditions of the Garden Grove Loan, the Garden Grove Promissory Note, and Garden Grove Deed of Trust, including its subordinate monetary lien position, which will take into consideration all sources of financing, in particular governmental funding and the applicable program requirements therefor.

(d) **Garden Grove Loan Repaid from Residual Receipts.** The new Garden Grove Loan will be a residual receipts loan in a lien position subordinate to the deed of trust securing the Developer's loan obtained for construction financing and permanent financing (each a "Primary Loan") and as will be more fully set forth in the AHA.

(i) In the event, State HCD or other governmental entity funding sources, if any, do not require a share of Residual Receipts, the Garden Grove Loan shall be repaid from fifty percent (50%) of Residual Receipts and the Developer will retain from fifty percent (50%) of Residual Receipts.

(A) The term "Residual Receipts" will be fully defined in the AHA, but generally is defined as Project annual revenue less the sum of defined and eligible: (1) operating expenses; (2) debt service on the Primary Loan, (3) required operating and capital reserve deposits, (4) repayment of permitted operating, rehabilitation, or capital loans, if any, (5) property management fee, (6) eligible partnership related fees including an asset management fee, and (7) unpaid Deferred Developer Fee subject to funding the below-the-line amount for the Social Services Plan as described herein.

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(ii) If State HCD or other federal, state or local governmental funding sources require an allocation of Residual Receipts as between and/or among the City, the Authority, Developer, and other governmental entity(ies), if any, the split thereof shall be established after the Financial Gap Analysis described herein, provided however the percentage allocations among the governmental funding entities shall be established in a fair, reasonable manner and in compliance with applicable legal requirements.

(A) In the event that governmental funding loan(s), if any, are repaid in full through Residual Receipts and the Garden Grove Loan Note remains outstanding, then the percentage and allocation of Residual Receipts shall be adjusted so that Authority receives not less than a proportionate percentage of fifty percent of Residual Receipts and the Developer will retain fifty percent (50%) of Residual Receipts.

7.2 PBVs. As of the Date of this Award Letter, Garden Grove has authorized the commencement and undertaking of certain federal procedures pursuant to HUD requirements, including Title 24, Chapter IX, Part 983, Subpart B-Selection of PBV Owner Proposals (“PBV Conversion Procedures”), to convert up to eight (8) of its tenant-based, portable housing choice vouchers to PBVs. With no prejudgment or premature exercise of discretion, if after conducting the PBV Conversion Procedures process, the Developer is selected for a commitment of one (1) or more but not more than eight (8) PBVs for the New Tamerlane Project, then such commitment of a PBV or PBVs shall be deemed part of this financial commitment under this Award Letter as described above in Section 7.1.

(a) In the event, that Garden Grove elects to provide from one (1) to eight (8) PBVs to the Developer, then the new cash subsidy amount of the Garden Grove Loan Amount shall be reduced by \$455,750 for each PBV awarded to the New Tamerlane Project as described in Section 7.1 above.

8. Compliance with Law; Statutory Requirements. Developer acknowledges, and the AHA will affirm, that the source of the Garden Grove Loan will be funded with monies sourced from and subject to the PLHA Program, HSC Section 34176.1 under the Dissolution Law, as amended by Senate Bill 341, HAL, CRL, and if applicable HUD and other federal requirements. Further, to the extent required by HUD, as to the HOME Program and CDBG Program funds originally invested by the City under the Original Tamerlane Agreements, Developer shall comply with applicable federal statutes, regulations and HUD notices. Therefore, this Award Letter, and then the AHA, and all other implementing documents and instruments are and shall remain subject to the applicable requirements of, and Developer covenants to comply with, all applicable requirements of: (i) PLHA Program, (ii) CRL statutes affirmed and reinstated under the requirements of Senate Bill 341, (iii) HAL, (iv) Dissolution Law, (v) HOME Program, (vi) CDBG Program, (vii) Environmental Laws (as defined in AHA), (viii) Relocation Law (defined below); (ix) Government Code Sections 65863.10, 65863.11 and 65863.13 (herein together, “GC 65863.10, *et seq.*”), and (x) all other applicable federal, state, and local laws and regulations.

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8.1 Prevailing Wage Laws; Labor Compliance. Developer shall comply with applicable provisions of California Labor Code Section 1720, *et seq.*, and, applicable federal prevailing wage laws and regulations (together, “Prevailing Wage Laws”). In this regard, Authority and Developer acknowledge that such laws and regulations include certain exemptions that may, or may not, apply to the New Tamerlane Project.

(a) In furtherance thereof, in implementation of the PLHA Program State HCD in published “FAQs” informs applicants and participants that Labor Code Section 1720 applies, including the statutory exemptions in subsection (c). In this regard, the Parties acknowledge that as of the Date of Award Letter, Labor Code Section 1720(c)(5) provides: “Unless otherwise required by a public funding program, the construction or rehabilitation of privately owned residential projects is not subject to this chapter if one or more of the following conditions are met: ... (E): The public participation in the project that would otherwise meet the criteria of subdivision (b) is public funding in the form of below-market interest rate loans for a project in which occupancy of at least 40 percent of the units is restricted for at least 20 years, by deed or regulatory agreement, to individuals or families earning no more than 80 percent of the area median income.”

(i) As the potential for an award of PBVs is limited to not more than eight (8) PBVs, the applicable federal laws and regulations relating to payment of prevailing wages, including Davis-Bacon, are not triggered by the award of one up to eight PBVs.

(b) Notwithstanding subsection (a) above, under this Award Letter and the AHA, Developer assumes, and will assume, all responsibility, liability, obligation for payment and will indemnify, hold harmless, and pay for all claims, suits, and liabilities affecting Authority (and City and their Indemnitees) relating to Prevailing Wage Laws as such may be applicable to the New Tamerlane Project, to Developer, its General Contractor and all Subcontractors. Further, the New Tamerlane Project may be subject to a negotiated “Project Labor Agreement” that may be entered into between or among the Developer and one or more building trades, for which Developer shall be and remain solely legally and financially responsible.

8.2 Receipt of Subsidy Layering Review Approval from TCAC. The New Tamerlane Project and all sources of funding of the New Tamerlane Project are subject to SLR under applicable federal and state laws to ensure that excessive public assistance is not used when combining public assistance from federal, state, or local agencies including through Tax Credits. Pursuant to federal and state notices, TCAC may, and is now, performing SLRs for and on behalf of HUD, and TCAC may authorize the local jurisdiction to prepare the SLR for its review and approval.

8.3 Relocation Plan. As to this Award Letter, the New Tamerlane Properties, the New Tamerlane Project, Original Tamerlane Agreements, as amended by the Amendment, and implementation thereof, Developer shall comply timely and fully with applicable requirements of the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, and the Relocation Assistance and Real Property Acquisition

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Guidelines adopted by the Department of Housing and Community Development and set forth at Title 25, California Code of Regulations Section 6000, *et seq.* (“CRAL Guidelines”), and, if applicable, federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (“URA”), as amended, the implementing regulations of HUD Handbook 1378 (collectively, “Relocation Law”).

(a) Prior to the Date of Award Letter, Developer retained the services of OPC, Inc., an experienced professional relocation consultant, to conduct and evaluate the circumstances relating to potential displacement of existing tenants pursuant to the Relocation Law. Based on the information and supporting documentation provided to OPC by Developer, OPC a “Relocation Plan” for the New Tamerlane Project. The Relocation Plan describes that only temporary moves will occur due to the construction of the substantial rehabilitation and there will be no permanent displacement due to the implementation of the New Tamerlane Project.

(i) As to be implemented, the New Tamerlane Project will qualify as a “qualified affordable housing preservation project”, and as the Relocation Plan states affirmatively only temporary moves will occur. In other words, no tenants will be displaced and the project aligns with the exclusions in the definition of “displaced person” in 25 CCR 6008(f)(3)(D)(F).

(ii) Developer hereby agrees to indemnify and shall defend Garden Grove and its Indemnitees relating in any manner to the application of the Relocation Law arising from or related in any manner to the New Tamerlane Properties, implementation of this Award Letter, the AHA, and any and all issues and claims that may arise related thereto.

8.4 Government Code Section 65863.10, *et seq.* Until there is an AHA, the New Tamerlane Properties are subject to the Original Tamerlane Agreements, as amended by the Amendment, which properties comprise an existing “Assisted Housing Development” as defined and set forth in GC 65863.10, *et seq.* In connection with the sale by the Prior Owner to Developer, the Prior Owner caused to be recorded in the Official Records a certification of compliance with the applicable noticing requirements, including as applicable 5-year, 3-year, 12-month, 6-month and other notices, and other of GC 65863.10, *et seq.* To the extent applicable, Developer agrees to comply with GC 65863.10, *et seq.* in connection with this Award Letter, its ownership, and operation of the New Tamerlane Properties and implementation of the New Tamerlane Project, the Original Tamerlane Agreements and Amendment (while in effect, as amended), the AHA, Regulatory Agreement and overall implantation thereof.

9. Project Proforma. As of the date of this Award Letter, the Garden Grove Loan Amount has been evaluated and determined, and this Award Letter is provided, based on the Authority’s material reliance on and review of the Developer’s application to Garden Grove for the Garden Grove Loan and Developer’s March 29 Proforma for the proposed New Tamerlane Project with proposed sources of funding and financing, costs for substantial rehabilitation and 55-year projected cash flows for the New Tamerlane Project,

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which proforma is dated as of March 29, 2023 (“March 29 Proforma”). Developer shall update the New Tamerlane Project proforma after the award by TCAC of a reservation Tax Credits, which will be a part of the updated Financial Gap Analysis and applicable SLR in connection with preparation of and entering into the AHA concurrent with the Closing of Financing.

10. Cooperation; Application to TCAC. The Parties shall cooperate in good faith in connection with Developer’s application(s) to TCAC for the Tax Credits.

11. Developer and Guarantor Indemnification of Garden Grove and Indemnitees. Developer and its “Guarantor”, Affordable Housing Access, Inc., a California nonprofit public benefit corporation, shall provide certain indemnifications of the Garden Grove Indemnitees (defined below), including without limitation a general indemnity, and specific indemnities related to Environmental Laws, HOME Program, CDBG Program, PLHA Program , Relocation Law, Prevailing Wage Laws, GC 65863.10, *et seq.*, CRL and Senate Bill 341, to defend and pay for each and any challenge, claim, legal action and/or administrative action against or related to this Award Letter, the AHA, and/or implementation of the New Tamerlane Project.

11.1 Indemnity. In this regard, Developer and Guarantor hereby agree and will indemnify, defend, pay for, assume all responsibility for, and hold harmless the Authority, the City, the Successor Agency, and their respective elected and appointed officials, officers, employees, attorneys, representatives, volunteers, contractors and agents (collectively, “Indemnitees”) from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of, the terms conditions and provisions, and/or implementation, both action and inaction, under this Award Letter, the AHA, each and all implementing instruments for the New Tamerlane Properties and Project, including without limitation, the validity, applicability, interpretation, or implementation hereof and thereof, and all matters arising or alleged to arise under the Relocation Law, PLHA Program, HOME Program, CDBG Program, Prevailing Wage Laws, GC 65863.10, *et seq.*, CRL and Senate Bill 341, the terms conditions, provisions of this Award Letter, and the AHA. Developer and Guarantor shall have the obligation to defend any such claim and/or action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer and Guarantor shall compromise or settle such action in a way that fully protects Indemnitees from any liability or obligation. In this regard, Developer’s obligation and right to defend shall include the right to hire (subject to written reasonable approval by the Director and City Attorney) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Indemnitees. If Developer and Guarantor defend any such action, as set forth above, (i) Developer and Guarantor shall indemnify and hold harmless Indemnitees from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation and

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(ii) Authority shall be entitled to settle any such claim only with the written consent of Developer and Guarantor and any settlement without Developer and Guarantor's consent shall release Developer and Guarantor's obligations hereunder with respect to such settled claim.

11.2 Security for Indemnity. Developer has identified Guarantor for the indemnification of the Garden Grove Indemnitees, which entity shall provide to Garden Grove a guaranty agreement evidencing the covenant to indemnify, hold harmless, defend and pay for each and any challenge, claim or legal action and/or administrative action as set forth in Section 11.1 above, which guaranty is subject to review and approval by the City Attorney and special counsel.

12. Affordable Housing Agreement. Subject to the Developer's satisfaction of the Award Letter Condition Precedent, the Authority and Developer will negotiate and enter into the AHA. The AHA will set forth a series of "Conditions Precedent", to be satisfied by the Developer, as applicable, and Authority, as applicable.

12.1 Approval and Execution of AHA. The final form of the AHA shall be approved by Developer in its sole and absolute discretion; and, the Director, is hereby authorized to approve and execute in her/his sole discretion, provided however, she/he may elect in her/his sole and absolute discretion to present the AHA to the Authority Board and City Council for consideration and action. The AHA is also subject to approval as to form by the City Attorney/general counsel and special counsel, and shall be attested by the Authority Secretary and City Clerk.

12.2 Summary of Certain AHA Terms. A summary of the topics and basic terms to be set forth in the AHA shall include the following:

(a) Garden Grove Loan. The Garden Grove Loan shall be fully described in the AHA, including:

(i) Interest Rate. Principal amount of Garden Grove Loan shall bear three and No/100^{ths} percent (3%) simple interest per annum.

(ii) Term of Garden Grove Loan. Remaining principal and accrued interest on the Garden Grove Loan shall be due in full upon the 58th anniversary of the completion of construction of the substantial rehabilitation that is part of the New Tamerlane Project or earlier upon transfer, sale, non-permitted refinancing, or default as will be set forth in the AHA.

(iii) Monetary Lien Priorities. The lien position of the Garden Grove Loan (and, if documented as two or more loans, the subordinate lien positions) will be subordinate to the Developer's Primary Loan for construction and permanent financing of the New Tamerlane Project. In this regard and for avoidance of doubt, the new Garden Grove Regulatory Agreement and PLHA Covenant Agreement shall be and remain

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senior encumbrances and nonsubordinate to all monetary liens, including without limitation Developer's Primary Loan for construction and permanent financing.

(iv) *Residual Receipts Allocation.* Repayment of the Garden Grove Loan shall be from Residual Receipts as described above. Calculation of Residual Receipts will be subject to and calculated after payment of eligible operating expenses, approved debt service, Deferred Developer Fee, if any remaining, and eligible partnership related fees, also as provided above.

12.3 Additional AHA Terms and Conditions Precedent. The AHA will include additional terms and set forth a series of conditions precedent to the Closing of Financing, including without limitation:

(a) *Readiness for Closing of Financing for the New Tamerlane Project.* Developer shall be ready to cause the Closing of Financing for the New Tamerlane Project.

(b) *Readiness for Construction of the Substantial Rehabilitation.* All building and other permits required to commence the substantial rehabilitation of the New Tamerlane Properties shall have been issued, or be ready to issue with payment of fees, and the City shall have issued a letter stating that building permits are ready to issue with payment of fees.

(c) *Primary Loan.* Developer shall have secured all necessary institutional financing and funding for the Primary Loan to undertake and complete construction and thereafter operation of the New Tamerlane Project and as approved by Garden Grove. The Primary Loan shall be sufficient to pay all costs of the New Tamerlane Project, through the New Tamerlane Project being placed in service under the Tax Credit Rules, as set forth in a final budget and approved by Garden Grove.

(i) Developer will cause the lenders for the Primary Loan to provide Garden Grove staff and legal counsel Word versions of all drafts of the loan documents, including the estoppel, intercreditor and/or subordination agreements to be negotiated among the parties thereto. In this regard, Developer acknowledges and agrees, and as promised in the Amendment, the new Garden Grove Regulatory Agreement and PLHA Covenant Agreement for the New Tamerlane Project shall be and remain a senior, nonsubordinate encumbrance against the New Tamerlane Properties for the full 55-year Affordability Period.

(d) *Insurance.* Developer shall have provided evidence to Garden Grove that the Developer has obtained insurance policies, certificates, and additional insured or other endorsements acceptable to the Authority, the City Attorney, and City risk management staff for both Developer, its General Contractor and Subcontractors.

(e) *Indemnities.* In addition to Section 11 herein, under the AHA Developer shall provide certain additional indemnifications, including Developer's

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general indemnity of the Indemnitees for damage to property or injuries to persons, including accidental death (including attorneys' fees and costs) that may be caused by any acts or omissions of Developer (and any person or entity acting by or through Developer), whether such activities or performance thereof (or inaction) be by Developer or by anyone directly or indirectly employed or contracted with by Developer and whether such damage shall accrue or be discovered before or after termination of the AHA. Developer shall not be liable for property damage or bodily injury to the extent occasioned by the gross negligence or willful misconduct of Authority or City or their employees.

(f) Construction Security. Developer shall have provided construction security naming and in favor of the Authority and City, which may include:

(i) a completion guaranty from an entity (or person) with adequate capital and available liquid assets to and as the guarantor is approved by the Director and legal counsel in their sole discretion; in this regard, by way of example, the guarantor will have a Dun & Bradstreet PAYDEX score of 80 to 100; or

(ii) an unconditional standby letter of credit, or

(iii) payment and performance bonds from the general contractor and subcontractors for the New Tamerlane Project, or

(iv) some combination of any or all of (i), (ii) or (iii) above), in an amount sufficient to ensure the New Tamerlane Project will be completed, all invoices paid, and all workers paid in conformity with applicable federal and state labor laws, including Prevailing Wage Laws, and applicable Project documents and agreements, and placed in service within the time set forth in the schedule for the New Tamerlane Project as approved by Garden Grove.

(g) Additional Contracts. Developer shall submit and obtain approval of Garden Grove and legal counsel (which approval shall not be unreasonably withheld, conditioned or delayed) for:

(i) Construction Contract. the construction contract with its General Contractor and the subcontracts therefor;

(A) construction of the substantial rehabilitation work must be competitively bid in accordance with applicable federal, state and local laws and regulations, in particular the State HCD and HUD requirements, if any.

(ii) LPA. the limited partnership agreement ("LPA") for the limited partnership entity to be formed to own and operate the New Tamerlane Project under the AHA;

(iii) Property Management. qualifications and experience of the property manager to operate and manage affordable housing projects comparable to the New Tamerlane Project and the property management agreement;

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(iv) **Social Services Plan.** Memorandum of Understanding for implementation of the Social Services Plan (defined below) and other contract(s), if any, other social service provider(s);

(A) the detailed social and supportive services plan that describes the social and supportive services, goals and objective, with a detailed budget therefor (“Social Services Plan”);

(1) The Social Services Plan shall include a robust level of social services offered at the New Tamerlane Project and suitable for the residents’ needs and provided by professionally trained staff. Services must include an assessment of clients’ needs, link to services and verification of services obtained. The Social Services Plan must also provide clear outcome measurements related to services provided and must clearly identify if services will be provided by the Developer or by third party entity(ies);

(2) For services to be provided by the Developer, the Social Services Plan shall clearly identify the budget and resources available for the services. For services to be provided by third party entity(ies), the Social Services Plan must include copies of the agreements or memoranda of understanding that govern provision of the services; and

(B) The Final Budget and each annual Operating Budget shall include a line item for the Social Services Plan in an amount not less than \$24,000/year with an annual escalator of the lesser of CPI or 3% (“Social Services Fee”)

(1) Developer shall provide supportive and social services to the tenant households of the New Tamerlane Project in accordance with the AHA throughout the entire Affordability Period.

(v) **Marketing and Tenant Selection Plan.** The marketing and tenant selection plans for the New Tamerlane Project, including Garden Grove’s reasonable preferences waterfall;

(A) Authority and Developer will implement a residency preference plan that prioritizes occupancy for families who were previously displaced by a Garden Grove entity, and who live, work or have been hired to work in Garden Grove, subject to applicable Fair Housing laws.

(h) **Cost Savings.** Cost savings from the New Tamerlane Project, if any, and/or permanent funding sources in excess of project costs shall be used and applied to pay down the Garden Grove Loan, first toward principal then accrued interest, subject to compliance with the applicable Tax Credit Rules.

(i) **Permitted Refinancing, Sale, Transfer; Authority Due Certain Share of Net Sale or Refinancing Proceeds.** Sale, transfer, and refinancing will be subject to the terms of the Garden Grove Loan and AHA.

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(j) **Post-Closing Conditions.** The AHA will set forth terms and conditions related to the substantial rehabilitation and construction monitoring from commencement through completion, operations, financing, refinancing, transfer, management and maintenance of the New Tamerlane Project.

12.4 Multi-family Project. No housing units within the New Tamerlane Project shall be restricted on the basis of age; this is not a “senior” development.

12.5 Affordable Housing Unit Mix; Income and Rent Levels. The Prescribed Unit Mix and allocation among the Housing Units of the New Tamerlane Properties is set forth in Exhibit B, which, as noted, is as set forth in the March 29 Proforma.

12.6 Non-subordinate Garden Grove Regulatory Agreement and PLHA Covenant; Affordability Period. The Housing Units at the New Tamerlane Project will be restricted as set forth herein and in the AHA for a minimum of fifty-five (55) years (“Affordability Period”) and as set forth in a separate “Regulatory Agreement”, and as necessary a separate “PLHA Covenant” with conditions, covenants and restrictions affecting the use, ownership, operation, management, maintenance, transfer and financing of the New Tamerlane Project at the New Tamerlane Properties. The Regulatory Agreement and PLHA Covenant will be recorded in the Official Records as senior encumbrances against the New Tamerlane Properties, and shall remain senior for the Affordability Period, and thereby all monetary liens shall be subject to and remain subordinate to the Regulatory Agreement and PLHA Covenant.

12.7 Affordable Rent. The AHA will require that the Developer will not charge more and shall state in each lease agreement with a tenant that monthly rent shall be an “Affordable Rent” as applicable to the Extremely Low, Very Low and Low Income tenants for all Housing Units at the New Tamerlane Project excepting only the Manager’s Unit that may be restricted to 100% AMI.

(a) The term “Affordable Rent” means the maximum amount of out-of-pocket housing cost to be charged monthly by Developer and paid for a Housing Unit by each of the Extremely Low, Very Low, and Low Income Households. Affordable Rent will be determined and calculated pursuant to applicable provisions of the Tax Credit Rules, provided however, as to the eight (8) Housing Units funded from the LMIHAF and restricted for occupancy by Extremely Low Income households such units shall meet the requirements and definition of Affordable Rent as set forth in HSC Section 50053 in order to meet the income-targeting and compliance requirements set forth in HSC Section 34176.1. For purposes of Affordable Rent, the monthly housing payment shall mean the total of monthly payments by each tenant household of a Housing Unit, inclusive of payments attributable to Section 8 portable vouchers under the Housing Choice Voucher (“HCV”) program (exclusive of PBVs, if any, awarded by Garden Grove), other rental subsidies, or other public subsidies by the Authority or any other local, state, or federal governmental agency for use and occupancy of a Housing Unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service.

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(i) Developer shall accept tenants holding Section 8 portable vouchers, including existing tenants at the New Tamerlane Properties holding Section 8 portable vouchers, or other tenant-based rental assistance certificates (each a “portable voucher”); provided however, each lease for a tenant holding a portable voucher shall state that monthly rent is the Affordable Rent, not fair market rent (“FMR”), provided that such is exclusive of PBVs, if any, awarded by Garden Grove.

12.8 Minimum and Maximum Occupancy Standards. The minimum occupancy of the Housing Units shall not be less than one person per bedroom. The maximum occupancy of the Housing Units shall not exceed more than such number of persons as is equal to two persons per bedroom, plus one; thus: (i) for the one-bedroom Housing Units the maximum occupancy shall not exceed three (3) persons, (ii) for the two (2) bedroom Housing Units the minimum occupancy is two (2) persons and the maximum occupancy shall not exceed five (5) persons; and (iii) for the three (3) bedroom Housing Units the minimum occupancy is three (3) persons and the maximum occupancy shall not exceed seven (7) persons.

12.9 Developer Fee; Deferred Developer Fee. In connection with the development of the New Tamerlane Project and subject to compliance with the Tax Credit Rules, the Developer will be entitled to a total developer fee of \$2,200,000 as listed in the March 29 Proforma in connection with the development of the New Tamerlane Project and subject to compliance with the Tax Credit Rules, the Developer will be entitled to a total developer fee of \$2,200,000 as listed in the March 29 Proforma. Receipt of a portion of the Developer Fee will be deferred (“Deferred Developer Fee”), which is estimated at \$223,332 in the March 29 Proforma.

12.10 Annual Monitoring Fee. Annually and concurrently with the delivery of each annual report and compliance certificate that will be required under the AHA, Developer shall pay a per unit fee with annual adjustment (“Annual Monitoring Fee”) to Garden Grove that shall compensate Authority for its costs incurred to monitor Developer’s compliance with the AHA.

12.11 Annual Financial Report. The AHA will require Developer to submit an “Annual Financial Report”, which is a certified financial statement by Developer for the New Tamerlane Project using generally accepted accounting principles (“GAAP”) and as separately accounted for by Developer.

13. Environmental Compliance.

13.1 Environmental Laws. Developer shall comply “Environmental Laws” including, all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State of California, County of Orange, City of Garden Grove, or any other political subdivision, agency, or instrumentality exercising jurisdiction over the Developer, the Authority, the City or the New Tamerlane Properties, and the New Tamerlane Project.

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13.2 CEQA. Developer shall comply with applicable federal and state laws and regulations affecting environmental review of the New Tamerlane Project pursuant to all, including the California Environmental Quality Act ("CEQA") and, as and if applicable, the National Environmental Protection Act ("NEPA") and approval thereof.

(a) CEQA defines a "project" as an activity that (i) is a discretionary action by a governmental agency and (2) will either have a direct or reasonably foreseeable indirect impact on the environment. (Pub. Res. Code Section 21065.) This Award Letter is a commitment of funds to evidence TCAC's requirement that the Developer, as applicant, evidences its "enforceable financial commitment" under the Tax Credit Rules. This Award Letter is not a project as the commitment of funding will not of itself have a significant effect on the environment; and, provided however, at such time that Developer is awarded a reservation of Tax Credits, if successful, then a complete review of the New Tamerlane Project, and discretionary actions, if any, will be evaluated by the City and findings and determination will be made at such time and as a condition precedent to the Closing of Financing.

14. Financial Gap Analysis. This Award Letter for the Garden Grove Loan has been determined based on a "Financial Gap Analysis" of the proposed development and operation of the New Tamerlane Project, including all funding and financing sources, and the March 29 Proforma, and other supporting documentation. This Award Letter is and shall remain subject to the Award Letter Condition Precedent and the Financial Gap Analysis. After the Award Letter Condition Precedent is satisfied by Developer, Garden Grove (with its consultant and counsel) will re-review and analyze all awarded and committed funding sources for all costs of development and operation of the New Tamerlane Project. Developer shall update the March 29 Proforma and provide to Garden Grove requested supporting documentation. The Financial Gap Analysis will be conducted by the Garden Grove's economic and housing consultant to evaluate, without limitation, supportable debt (construction and permanent financing), market value of Tax Credits, amount of other governmental funding source(s), if any, tax credit investor equity, Deferred Developer Fee, and other subordinate debt, if any, and the terms therefor. Developer agrees to cooperate with Garden Grove and its agents and provide complete, truthful supporting documentation in connection with conducting the Financial Gap Analysis. Developer and Garden Grove agree to cooperate in good faith toward achieving a financially feasible New Tamerlane Project and to that end each shall provide the other and their respective agents with complete, truthful, and timely supporting documentation in connection with conducting the Financial Gap Analysis. To the extent that the Financial Gap Analysis were to show, if at all, that less than the cash subsidy of up to \$3.64M is necessary to complete the scope of substantial rehabilitation presently expected, the additional funds shall be directed and allocated to enhanced improvements and/or services at the New Tamerlane Properties.

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15. Authorization to Implement Award Letter.

15.1 Director Authority. By consideration and action to approve this Award Letter, the Authority and City hereby authorize Lisa Kim, City Manager and Authority Director to sign this Award Letter on behalf of the City and the Authority. Further, the Director is (and her designees are) authorized to cause to be prepared and executed the AHA, in implementation hereof, so long as the terms and provisions of the AHA and each and all implementing agreements and instruments therefor are substantially, and materially consistent, financially and legally, with this Award Letter.

(a) Further, the Director is (and her designees are) authorized to implement the AHA and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the transaction contemplated by this Award Letter, and thereafter the AHA, including all exhibits, instruments and implementing agreements thereto. To the extent necessary during the implementation hereof and thereof, the Director is authorized to make technical or minor changes and interpretations of this Award Letter, and thereafter the AHA, as reasonably necessary in her/his sole and absolute discretion, to properly implement and carry out the New Tamerlane Project provided any and all such changes shall not in any manner substantially or materially affect Garden Grove's rights and obligations, or increase the value and monetary amount(s) under this Award Letter and the AHA.

(b) In addition, the Director is (and her designees are) authorized, on behalf of Garden Grove, to sign all other documents necessary or appropriate to carry out and implement this Preliminary Award Letter, the AHA, including all exhibits thereto and including causing the issuance of warrants in implementation thereto, and to administer Garden Grove's obligations, responsibilities and duties to be performed thereunder so long as substantially and materially consistent with this Award Letter and the AHA. Any and all substantive changes, including monetary adjustments that increase the Garden Grove Loan Amount, to the terms and provisions of the AHA and implementing agreements and instruments thereto shall require the consideration and action of the Authority Board and/or City Council, as applicable.

16. Board Action. The governing board of the City is the City Council and the governing board of the Garden Grove Housing Authority is comprised of the elected members of the City Council and two tenant representatives (together, "Authority Board"). The City Council and Authority Board each has reviewed Developer's requests for each component of the Garden Grove financial assistance described in this Award Letter, and on April 11, 2023 at a public meeting of the City Council and the Authority Board authorized and approved issuance of this Award Letter to evidence the enforceable financing commitment of the Garden Grove Loan Amount and related matters described herein to satisfy the requirements of the Tax Credit Rules.

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Should you have any questions or require additional information, please contact Monica Covarrubias Senior Project Manager, Office of Economic Development, (714) 741-5788 monicac@ggcity.org.

Sincerely,

CITY OF GARDEN GROVE and
GARDEN GROVE HOUSING AUTHORITY

Lisa Kim

City Manager and Authority Director

[Developer Signature Block on Next Page]

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The Preliminary Award Letter to New Tamerlane, LLC is:

AGREED AND ACCEPTED

this ___th day of April 2023:

NEW TAMERLANE, LLC,
a California limited liability company

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

By: _____

Name: _____

Its: _____

cc: Celeste Stahl Brady, Esq., Special Counsel
Omar Sandoval, Esq., City Attorney

Exhibit A

LEGAL DESCRIPTION OF NEW TAMERLANE PROPERTIES

1. 12131 Tamerlane Drive; Title Prelim Parcel 8

LOT 3 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 201, PAGES 29 AND 30 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, CALIFORNIA.

2. 12132 Tamerlane Drive; Title Prelim Parcel 7

LOT 4 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 201, PAGES 29 AND 30 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ANY UNDERGROUND WATER WHICH MAY BE DEVELOPED IN, UNDER, OR UPON SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED IN BOOK 7111, PAGES 715, OFFICIAL RECORDS.

3. 12141 Tamerlane Drive; Title Prelim Parcel 9

Parcel 9A:

LOT 2 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE COUNTY, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 201 PAGES 29 AND 30 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY.

Parcel 9B:

THE RIGHT OF ACCESS OVER THE EAST 27 FEET OF THE WEST 47 FEET AND THE ENTIRE 12.5 FEET EXCEPT THE WEST 20 FEET OF LOT 3 OF SAID TRACT.

Parcel 9C:

THE RIGHT OF ACCESS OVER THE EAST 27 FEET OF THE WEST 47 FEET OF LOT 1 OF SAID TRACT.

Exhibit A

4. 12142 Tamerlane Drive; Title Prelim Parcel 15

Parcel 15A:

LOT 5 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 201, PAGES 29 AND 30 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Parcel 15B:

THE RIGHT OF ACCESS OVER THE WEST 27 FEET OF THE EAST 47 FEET OF LOT 6 OF SAID TRACT NO. 5503

5. 12161 Tamerlane Drive; Title Prelim Parcel 10

Parcel 10A:

LOT 1 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE COUNTY, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 201 PAGES 29 AND 30 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY.

Parcel 10B:

THE RIGHT OF ACCESS OVER THE EAST 27 FEET OF THE WEST 47 FEET AND THE ENTIRE 12.5 FEET EXCEPT THE WEST 20 FEET OF LOT 3 OF SAID TRACT.

Parcel 10C:

THE RIGHT OF ACCESS OVER THE EAST 27 FEET OF THE WEST 47 FEET AND THE ENTIRE NORTH 12.5 FEET EXCEPT THE WEST 20 FEET OF LOT 2 OF SAID TRACT.

6. 12162 Tamerlane Drive; Title Prelim Parcel 6

Parcel 6A:

LOT 6 OF TRACT NO. 5503, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE COUNTY, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 201 PAGES 29 AND 30 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY.

EXCEPTING ALL UNDERGROUND WATER LYING BENEATH THE HEREIN DESCRIBED TRACT, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE THEREOF FOR THE PURPOSE OF PROCURING WATER, AS CONVEYED TO THE CITY OF GARDEN GROVE.

Exhibit A

Parcel 6B:

THE RIGHT OF ACCESS OVER THE WEST 27 FEET OF THE EAST 47 FEET AND THE ENTIRE 12.5 FEET EXCEPT THE EAST 20 FEET OF LOT 5 OF SAID TRACT.

Parcel 6C:

THE RIGHT OF ACCESS OVER THE WEST 27 FEET OF THE EAST 47 FEET AND THE ENTIRE NORTH 12.5 FEET EXCEPT THE EAST 20 FEET OF LOT 4 OF SAID TRACT.

7. 12171 Tamerlane Drive; Title Prelim Parcel 11

LOT 1 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92 PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

8. 12172 Tamerlane Drive; Title Prelim Parcel 5

LOT 10 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGE 31 AND 32 MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

9. 12181 Tamerlane Drive; Title Prelim Parcel 12

LOT 2 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE COUNTY, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

10. 12182 Tamerlane Drive; Title Prelim Parcel 4

LOT 9 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

11. 12201 Tamerlane Drive; Title Prelim Parcel 13

LOT 3 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit A

12. 12202 Tamerlane Drive; Title Prelim Parcel 3

LOT 8 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, CALIFORNIA.

13. 12211 Tamerlane Drive; Title Prelim Parcel 14

LOT 4 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

14. 12212 Tamerlane Drive; Title Prelim Parcel 2

LOT 7 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, CALIFORNIA.

15. 12222 Tamerlane Drive; Title Prelim Parcel 1

LOT 6 OF TRACT NO. 3050, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 92, PAGES 31 AND 32 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, CALIFORNIA.

APN: 231-471-31; APN: 231-471-32; APN: 231-471-33; APN: 231-471-34; APN: 231-471-35;
APN: 231-471-36; APN: 231-471-37; APN: 231-471-38; APN: 231-471-39; APN: 231-471-40;
APN: 231-471-41; APN: 231-471-42; APN: 231-471-43; APN: 231-471-44; APN: 231-471-45

Exhibit B
Prescribed Unit Mix

This Prescribed Unit Mix is based on the allocation of funds for the new Garden Grove Loan from the following sources:

<i>Garden Grove Loan Funding Sources</i>	
Reset Original Loans – HOME/HUD Source	5,556,033
Reset Original Loan – Former Agency 20% Set-Aside Source	1,572,725
Reset Original Loan – HOME Match/ City General Fund Source	1,740,573
New Cash Subsidy – LMIHAF Source	1,823,000
New Cash Subsidy - PHLA Source	1,823,000
Total Garden Grove Loan (new restructured loan)	\$12,520,000 (rounded)

Nonetheless, the New Tamerlane Project income standards and affordable rent must adhere to the most restrictive of the requirements imposed by various and multiple funding sources pursuant to applicable statutes and regulations, including (i) State HCD and HSC, (ii) HUD/HOME Program and HOME Final Rule, and (iii) TCAC and Tax Credit Rules. The affordable rents identified in this Exhibit B are based on the 2022 income limits published by State HCD, HUD for the HOME Program, and TCAC. By way of example and applying 2022 income and utilities allowance standards, allowable rents assume utilities allowances are \$67 per month for one-bedroom units, \$90 per month per two-bedroom units, and \$114 per month per three-bedroom units, which are to be deducted for the utilities to be paid directly by the tenants as detailed in the last table of this Exhibit B.

Under the AHA and Garden Grove Regulatory Agreement 8 of 78 Housing Units shall be covenanted based on household income and affordable rent standards set forth in HSC Section 50106 as to household income and HSC Section 50053 as to affordable rent in compliance with and in furtherance of the income targeting requirements of HSC 34176.1 (“LMIHAF Units”):

<i>LMIHAF Units Garden Grove Regulatory Agreement</i>	<i>Extremely Low Income HCD/HSC 30% AMI and same complies with 20% AMI per Tax Credit Rules</i>
1-Bedroom Units	1
2-Bedroom Units	4
3-Bedroom Units	3

Exhibit B
Page | 2

Under the AHA and Garden Grove Regulatory Agreement 41 of 78 Housing Units shall be covenanted as per PLHA requirements based on household income and affordable rent standards set forth in HSC Section 50470, *et seq.* and the Permanent Local Housing Allocation Final Guidelines (“PLHA Units”):

<i>PHLA Units</i> <i>Garden Grove Regulatory Agreement</i>	<i>Low Income 60% AMI</i>
1-Bedroom Units	30
2-Bedroom Units	11
3-Bedroom Units	<u>0</u>
Total Units	41

Under the AHA and Garden Grove Regulatory Agreement, the affordability covenants of the Original Regulatory Agreements that will expire during the reset 55-year Affordability Period will continue in effect as to 29 of 78 Housing Units with household income and affordable rent standards of 65% AMI and “High HOME” rent. As and when such existing affordability covenants expire as of the dates summarized in the table below, each Housing Unit shall continue to be covenanted as affordable housing pursuant to the TCAC regulatory agreement.

<i>EXISTING COVENANTS</i>	<i>12131</i>	<i>12132</i>	<i>12172</i>	<i>12142</i>	<i>12211</i>	<i>12162</i>	<i>12172</i>	<i>TOTALS</i>
<i>Expiration Date</i>	<i>6/30/2027</i>	<i>6/30/2027</i>	<i>6/30/2027</i>	<i>1/26/1932</i>	<i>5/8/2032</i>	<i>2/9/1965</i>	<i>2/9/1965</i>	
<i>UNIT MIX</i>								
1-Bedroom Units	0	0	0	0	0	0	0	0
2-Bedroom Units	3	3	3	2	3	3	6	23
3-Bedroom Units	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>6</u>
Total Units	4	4	4	4	3	4	6	29

On the next page is a table with a full summary of the unit mix showing income and rent standards for each and all funding sources, including the affordability restrictions to be set forth in the TCAC regulatory agreement.

**FULL SUMMARY OF UNIT AND AFFORDABILITY MIX
NEW TAMERLANE PROPERTIES
(applying 2022 standards as to income and utilities allowances)³**

	<i>Number of Units</i>	<i>New TCAC Rent</i>	<i>LMIHAF Units HCD/HSC Rent</i>	<i>PHLA Units Rent</i>	<i>Existing High HOME Rent</i>	<i>Applicable Gross Rent</i>	<i>Utility Allowance</i>	<i>Applicable New Affordable Rent</i>
New GG Covenant	7	20% AMI	ELI HCD	N/A	N/A			
1-Bdrm Units	1	\$508	\$715	N/A	N/A	\$508	\$67	\$441
2-Bdrm Units	4	\$610	\$804	N/A	N/A	\$610	\$90	\$520
3-Bdrm Units	2	\$704	\$893	N/A	N/A	\$704	\$114	\$590
New GG Covenant	9	40% AMI	N/A	60% PHLA	N/A			
1-Bdrm Units	0	\$1,016	N/A	\$1,524	N/A	\$1,016	\$67	\$949
2-Bdrm Units	9	\$1,220	N/A	\$1,830	N/A	\$1,220	\$90	\$1,130
3-Bdrm Units	0	\$1,409	N/A	\$2,114	N/A	\$1,409	\$114	\$1,295
New GG Covenant	16	50% AMI	N/A	60% PHLA	N/A			
1-Bdrm Units	16	\$1,270	N/A	\$1,524	N/A	\$1,270	\$67	\$1,203
2-Bdrm Units	0	\$1,525	N/A	\$1,830	N/A	\$1,525	\$90	\$1,435
3-Bdrm Units	0	\$1,761	N/A	\$2,114	N/A	\$1,761	\$114	\$1,647
New GG Covenant	16	60% AMI	N/A	60% PHLA	N/A			
1-Bdrm Units	14	\$1,524	N/A	\$1,524	N/A	\$1,524	\$67	\$1,457
2-Bdrm Units	2	\$1,830	N/A	\$1,830	N/A	\$1,830	\$90	\$1,740
3-Bdrm Units	0	\$2,114	N/A	\$2,114	N/A	\$2,114	\$114	\$2,000
New/Existing GG Covenant	1	20% AMI	ELI HCD	N/A	High HOME			
1-Bdrm Units	0	\$508	\$715	N/A	\$1,633	\$508	\$67	\$441
2-Bdrm Units	0	\$610	\$804	N/A	\$1,961	\$610	\$90	\$520
3-Bdrm Units	1	\$704	\$893	N/A	\$2,257	\$704	\$114	\$590
Existing GG Covenant	14	50% AMI	N/A	N/A	High HOME			
1-Bdrm Units	0	\$1,270	N/A	N/A	\$1,633	\$1,270	\$67	\$1,203
2-Bd rm Units	14	\$1,525	N/A	N/A	\$1,961	\$1,525	\$90	\$1,435
3-Bdrm Units	0	\$1,761	N/A	N/A	\$2,257	\$1,761	\$114	\$1,647
Existing GG Covenant	11	60% AMI	N/A	N/A	High HOME			
1-Bdrm Units	0	\$1,524	N/A	N/A	\$1,633	\$1,524	\$67	\$1,457
2-Bdrm Units	9	\$1,830	N/A	N/A	\$1,961	\$1,830	\$90	\$1,740
3-Bdrm Units	2	\$2,114	N/A	N/A	\$2,257	\$2,114	\$114	\$2,000
Existing GG Covenant	3	70% AMI	N/A	N/A	High HOME			
1-Bdrm Units	0	\$1,778	N/A	N/A	\$1,633	\$1,633	\$67	\$1,566
2-Bdrm Units	0	\$2,135	N/A	N/A	\$1,961	\$1,961	\$90	\$1,871
3-Bdrm Units	3	\$2,466	N/A	N/A	\$2,257	\$2,257	\$114	\$2,143
Manager Unit	1							
3-Bdrm Unit (may be restricted for manager household at 100% AMI)	1							\$0

³ Subject to annual adjustment based on income limits issued by applicable governmental agency and applying applicable statutory or regulatory rent formula, with the most restrictive of the requirements to apply based on the various and multiple funding sources, including (i) State HCD and HSC, (ii) HUD/HOME Program and HOME Final Rule, and (iii) TCAC and Tax Credit Rules.

Exhibit C

March 29 Proforma

(attached)

PROJECT SUMMARY	Affordable Housing Access, Inc	TAMERLANE APTS.
77 units plus 1 mgr. unit		9% Credits
Acq Rehab		Non-Rural
PW Family project		QCT-No DDA-No

Permanent Sources				
Source	Amount	Rate	Amm.	/ Unit
Perm Loan	\$6,610,755	7.00%	35	\$84,753
Tax Credit Proceeds	22,687,202	NA	NA	290,862
GG Recycled Soft Loans	8,879,321	3.00%	55	113,837
GG New Financing	3,646,000	3.00%	55	46,744
Interest Income	0	NA	NA	0
Operating Income	0	NA	NA	0
Deferred Developer Fee	4,751	6.00%	NA	61
<hr/>				
				\$536,257
				\$41,828,030

Permanent Uses		
Uses	Amount	Per Unit
Land Costs	\$18,798,304	\$241,004
Permits, Fees, & Studies	1,256,000	16,103
Direct Construction Costs	13,264,128	170,053
Offsites	0	0
Contingency	1,876,413	24,057
Developer Fee	2,200,000	28,205
Indirect Construction Costs	1,411,328	18,094
Rent-Up Costs	120,000	1,538
Reserves	279,475	3,583
Financing Costs	2,622,382	33,620
<hr/>		
		\$536,257
		\$41,828,030

Source Pay in Schedule			
Source	Amount	Date	Notes
Perm Loan	\$6,610,755	Feb-24	Close
Tax Credit Proceeds	4,537,440	Feb-24	Close
Tax Credit Proceeds	1,000,000	Sep-24	50% Comp.
Tax Credit Proceeds	12,262,321	May-25	Lease up
Tax Credit Proceeds	4,537,440	Sep-25	Convert
Tax Credit Proceeds	350,000	Dec-25	8609s
GG Recycled Soft Loans	8,879,321	Feb-24	Close
GG New Financing	3,646,000	Sep-25	Convert

Construction Sources		
Source	Amount	Per Unit
Perm Loan	6,610,755	\$84,753.27
Tax Credit Proceeds	5,537,440	70,992.83
GG Recycled Soft Loans	8,879,321	113,837.45
Construction Loan	18,249,300	233,965.39
Deferred Costs	2,551,213	32,707.86
<hr/>		
Totals	41,828,030	\$536,256.79

Bedroom Mix/Average Rent			
Bedrooms	Quantity	% of Units	Avg. Rent
0			
1	31	40%	1,293.13
2	38	49%	1,354.74
3	8	10%	1,525.03
4+			

Rent Schedule					
Calculation	Quantity	Bedrooms	AMI	Rent	Util.
MGR	1	3	100%	\$0	\$0
ELI HCD	1	1	20%	441	67
ELI HCD	4	2	20%	520	90
ELI HCD	2	3	20%	590	114
ELI/H-HOME	1	3	20%	590	114
60% PHLA	9	2	40%	1,130	90
60% PHLA	16	1	50%	1,203	67
60% PHLA	14	1	60%	1,457	67
60% PHLA	2	2	60%	1,740	90
H-HOME	14	2	50%	1,435	90
H-HOME	2	3	60%	2,000	114
H-HOME	9	2	60%	1,740	90
H-HOME	3	3	70%	2,143	114

Operating Expenses		
Expenses	Amount	Per Unit
Management	46,800	\$600
Administration	32,020	411
Salaries & Benefits	225,000	2,885
Maintenance	122,380	1,569
Utilities	88,000	1,128
Insurance	30,000	385
Taxes	13,500	173
Services	30,000	385
Reserves	23,400	300
Fees	0	0
<hr/>		
Totals	\$611,100	\$7,835

Assumptions		Assumptions	
TCAC Tiebreaker	40.21%	Con. Length	14
Site (acres)	0.00	CL Closing:	2/1/24
Debt Cov. Ratio	1.15	Est. Completion	4/1/25
Vacancy Factor	5.0%	Con. Loan	18,249,300
		Con. Int. Rate	8.80%

USES, EXPENSES AND CREDIT	Affordable Housing Access, Inc	TAMERLANE APTS.
77 units plus 1 mgr. unit		9% Credits
Acq Rehab		Non-Rural
PW Family project		QCT-No DDA-No

Development Uses				
Description	Amount	NC. Basis	Acq. Basis	Per Unit
Acquisition Cost	\$18,500,000	\$0	\$12,500,000	\$237,179
Appraisals	10,000	0	0	128
Birdge Loan Fees	288,304	0	0	3,696
Building Fees & Permits	406,000	406,000	0	5,205
Architectural & Engineering	850,000	850,000	0	10,897
Landscaping & Irrigation	390,000	390,000	0	5,000
Property Improvements	600,000	600,000	0	7,692
Residential Construction	10,530,000	10,530,000	0	135,000
General Conditions	691,200	691,200	0	8,862
Contractor's Overhead & Profit	921,600	921,600	0	11,815
Performance Bond	131,328	131,328	0	1,684
Construction Contingency	1,326,413	1,326,413	0	17,005
Developer Fee	2,200,000	2,200,000	0	28,205
Consulting	250,000	250,000	0	3,205
Construction Manager	250,000	250,000	0	3,205
Builders Risk Insurance	131,328	131,328	0	1,684
Accounting	80,000	60,000	0	1,026
Legal Fees	100,000	55,000	0	1,282
Relocation, Temporary	585,000	585,000	0	7,500
Market Study	15,000	15,000	0	192
Project Contingency	550,000	275,000	0	7,051
Marketing & Advertising	50,000	0	0	641
Capitalized Operating Reserve	279,475	0	0	3,583
Common Area Furnishings	70,000	70,000	0	897
Construction Period Interest	2,135,537	883,864	0	27,379
Construction Loan Fees	232,493	96,225	0	2,981
Permanent Loan Fees	66,108	0	0	848
TCAC Fees	128,245	0	0	1,644
Title and Recording	60,000	25,000	0	769
Totals	\$41,828,030	\$20,742,958	\$12,500,000	\$536,257

Operating Expenses		
Description	Amount	Per Unit
Property Management	\$46,800	\$600
Marketing	7,020	90
Audit	12,000	154
Legal	5,000	64
Office Expenses	8,000	103
On-site Manager	80,000	1,026
Assistant Manager	40,000	513
Maintenance Personnel	60,000	769
Payroll Taxes	15,000	192
Insurance	15,000	192
Workers Compensation	15,000	192
Supplies	45,000	577
Repairs Contract	35,000	449
Pest Control	14,000	179
Grounds Contract	20,000	256
Interior Painting	8,380	107
Trash Removal	18,000	231
Electricity	14,000	179
Water & Sewer	48,000	615
Gas	8,000	103
Property & Liability Ins.	30,000	385
Business Taxes & License	1,800	23
Real Estate Taxes	11,700	150
Social Services	30,000	385
Replacement Reserves	23,400	300
Total	\$611,100	\$7,835
Construction Loan to Cost		
Construction Loan	18,249,300	
Total Project Cost	41,828,030	= 43.63%
Under 80% LTC by	15,213,123	

Tax Credit Calculation			
	9% Federal	Acq. Fed.	State
Eligible Basis	20,742,958	12,500,000	
Excluded	0	0	
Unadjusted	20,742,958	12,500,000	20,742,958
Basis Limit	41,520,888		
Boost	100%	100%	
Adjusted	20,742,958	12,500,000	
Applicable	100.0%	100.0%	100.0%
Qualified	20,742,958	12,500,000	20,742,958
Reduction	0	0	
Adj. Qualified	20,742,958	12,500,000	
Rate Factor	9.00%	4.00%	30.00%
Annual Credits	2,366,866	500,000	
Federal Credits	23,668,660	State Credits	3,213,887
Credit Price	0.85		0.80
Proceeds	20,116,349		2,570,853
Total	\$22,687,202		

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Version: 22.10.1

Updated by: David Paredes on 3/29/23

Exhibit D

Proposed Site Plan for New Tamerlane Project

(attached)



LEGEND

- 1 BEDROOM UNIT
- 2 BEDROOM UNIT
- 3 BEDROOM UNIT
- ♿ PROPOSED LOCATION OF MOBILITY UNIT
- ACCESSIBLE PATH OF TRAVEL
- ♿ PROPOSED LOCATION OF COMMUNICATIONS UNIT
- NEW STAIR / WALKWAY
- POTENTIAL NEW CONSTRUCTION FOR RESIDENT AVENUES
- ADDITIONAL PROPOSED STREET PARKING
- EXISTING OPEN SPACE
- PROPOSED OPPORTUNITY FOR ADDITIONAL OPEN SPACE
- ELEMENT TO BE REMOVED

78 TOTAL UNITS	ENTITLED PARKING
31 1 BEDROOM UNITS	80 RES. STALLS
4 MOBILITY (10%)	
2 COMMUNICATION (4%)	PROPOSED PARKING
30 2 BEDROOM UNITS	83 RES. STALLS
4 MOBILITY (10%)	• 9 ACCESSIBLE
2 COMMUNICATION (4%)	• 74 STANDARD
9 3 BEDROOM UNITS	+6 STREET PARKING
1 MOBILITY (10%)	
1 COMMUNICATION (4%)	

- KEYNOTES**
1. DESIGN INTENT FOR TRASH ENCLOSURES, WITH FINISHES TO MATCH LANDSCAPE MATERIALS
 2. DESIGN INTENT FOR MAIL BOXES TO REPAIR AT EXISTING LOCATIONS
 3. DESIGN INTENT FOR UNIT DOORBELLS
 4. WATER HEATER TO BE RELOCATED



SCALE 1" = 20' 0 5 10 20 40

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Affordable Housing Access, Inc.
3920 Birch Street, Suite 103, Newport Beach, CA 92660

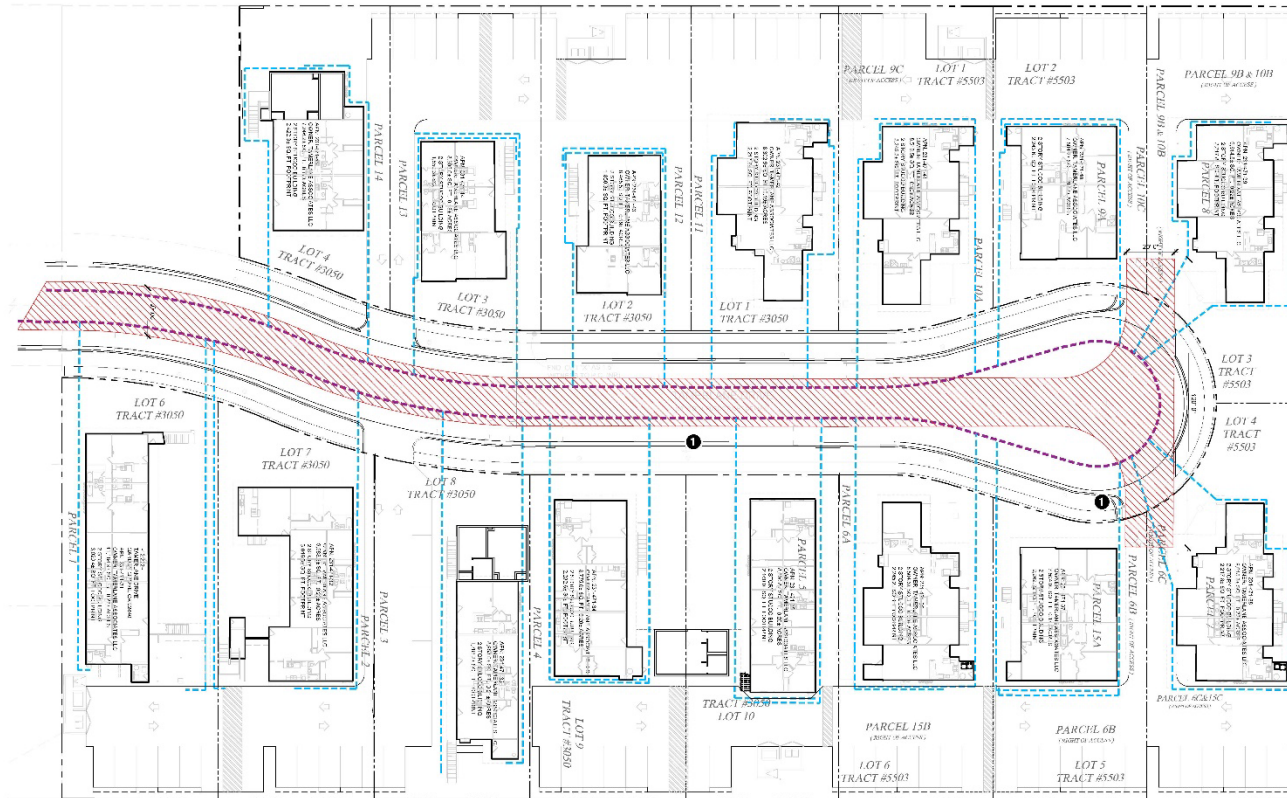
Tamerlane Drive
12131-12222 Tamerlane Drive, Garden Grove, CA 92840

Level 1 Plan

A0.51
23.036



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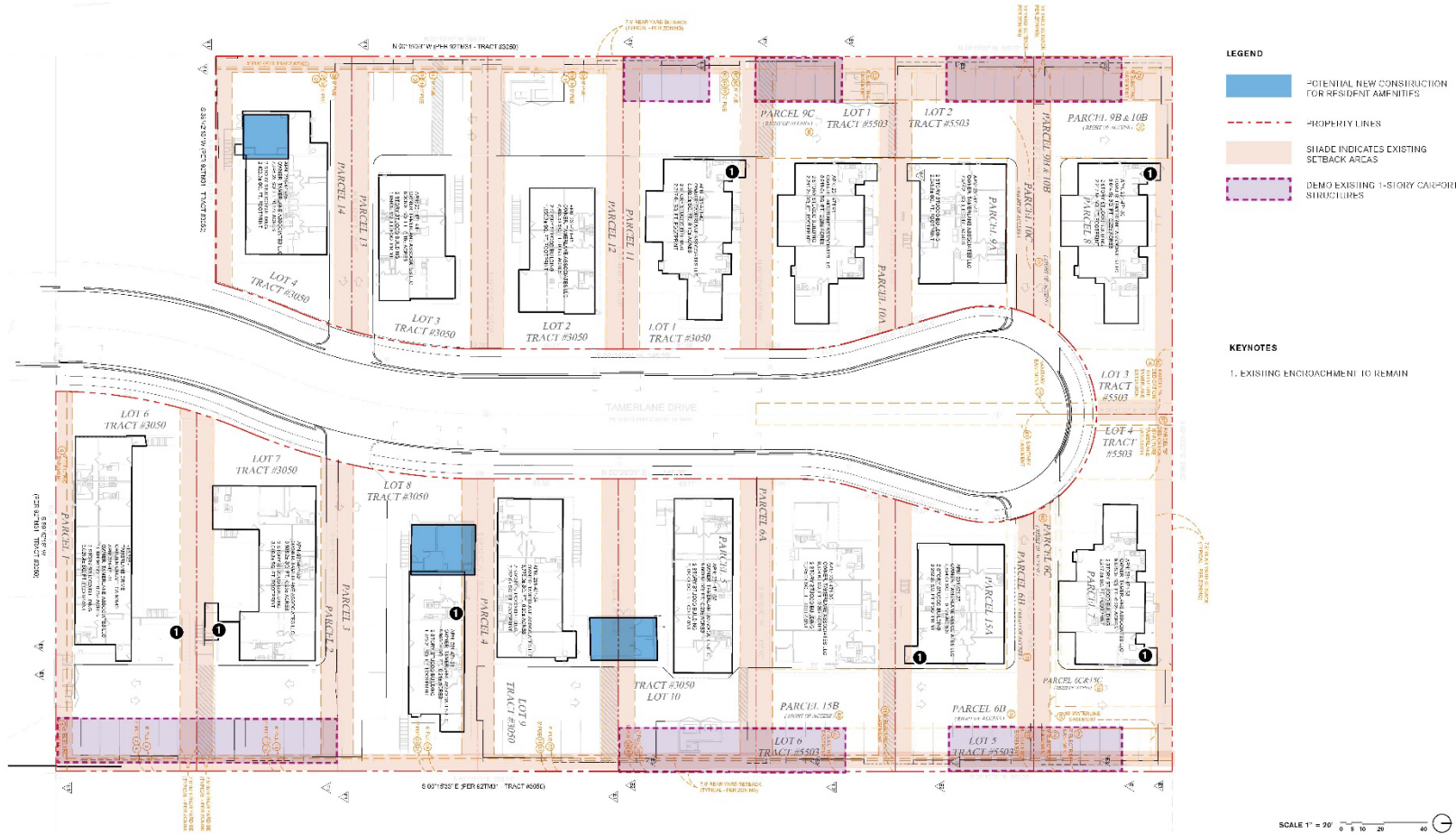


- LEGEND**
- POTENTIAL NEW CONSTRUCTION FOR RESIDENT AMENITIES
 - DISTANCE FROM CURB FOR PARALLEL PARKING (10'-0")
 - 150'-0" MAX. HOSE PULL
 - FIRE APPARATUS ACCESS PATH

- KEYNOTES**
- 1. FIRE HYDRANT LOCATION

SCALE 1" = 30'
0 5 10 20 40

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			<p>A0.10 23.036</p>



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Setbacks Diagram

A0.11
23.036