

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2019

NEW ISSUE/BOOK-ENTRY ONLY

**RATING: S&P “__”
See “RATING” herein**

[In the opinion of Bond Counsel, assuming compliance by the Issuer with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Bonds will be excluded from gross income for federal income tax purposes of the holders thereof. In addition, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax. See “TAX MATTERS” herein for a description of other tax consequences to holders of the Bonds.][To be updated by Co-Bond Counsel.]

\$60,006,000*
City and County of San Francisco, California
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments)
2019 Series J

\$24,834,000*
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Eastern Park Apartments)
2019 Series K

The above-captioned \$60,006,000* Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments), 2019 Series J (the “Series J Bonds”) and (ii) \$24,834,000* Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K (the “Series K Bonds,” and together with the Series J Bonds, the “Bonds”) are being issued by the City and County of San Francisco, California (the “Issuer”) to fund loans (the “Loans”) to Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) pursuant to the terms of a Financing Agreement dated as of December 1, 2019 (the “Financing Agreement”) between the Issuer, [Trustee] (the “Trustee”) and the Borrower. The proceeds of the loans will be used to finance a portion of the costs of the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as Eastern Park Apartments and located in the City and County of San Francisco, California (the “Project”). The Issuer is issuing the Bonds pursuant to an Indenture of Trust dated as of December 1, 2019 (the “Indenture”) between the Issuer and the Trustee.

The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of (i) with respect to the Series J Bonds, \$1,000 and integral multiples of \$1.00 in excess thereof, and (ii) with respect to the Series K Bonds, \$5,000, or any integral multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under “DESCRIPTION OF THE BONDS – Book-Entry Only System” herein.

The maturity date, interest rate and delivery date for the Bonds shall be as set forth on the inside cover hereof and in the Indenture and, with respect to the Series J Bonds, in the Term Sheet attached as APPENDIX G hereto.

Prior to the MBS Delivery Date (as defined herein), principal, if due, and interest on the Series J Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing January 26, 2020, until and including the 26th day of the month in which the MBS Delivery Date occurs. Commencing in the first month immediately following the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the Business Day immediately after the date of receipt by the Trustee of a payment representing principal, if due, and interest under the MBS.

The Series K Bonds will bear interest on the outstanding principal amount thereof at the applicable Initial Series K Bond Rate set forth on the inside cover hereof from their date of issuance to but not including the Initial Mandatory Tender Date, payable on each January 1 and July 1, beginning on [July 1, 2020], each Mandatory Redemption Date, each Mandatory Tender Date, the Bond Maturity Date and any date of acceleration of the Series K Bonds.

The Borrower has obtained a construction loan (the “Construction Loan”) from JPMorgan Chase Bank N.A. (the “Construction Lender”). From time to time, the Construction Lender will advance to the Trustee proceeds of the Construction Loan for deposit into the Collateral Fund in order to enable the Trustee to release Series J Bond proceeds and Series K Bond proceeds to pay costs of the Project. The Borrower has also received a Lender Commitment, dated as of _____ (the “Permanent Lender Commitment”) from Bellwether Enterprise Real Estate Capital, LLC (the “Permanent Lender”), which has agreed to originate a loan (the “Permanent Loan”) upon and subject to satisfaction of certain conditions set forth in the Permanent Lender Commitment. On the Conversion Date (as defined herein), the Construction Loan is expected to be repaid in part with the proceeds of the Permanent Loan (as defined herein) and Tax Credit Equity (as defined herein).

In the event the Permanent Loan is originated, the Federal National Mortgage Association (“Fannie Mae”) anticipates that it will deliver, or cause to be delivered, to the Trustee a single mortgage pass-through certificate (the “MBS”) guaranteed as to timely payment of principal and interest by Fannie Mae, and concurrently therewith, pursuant to the terms of the Indenture, the Trustee will use Eligible Funds on deposit in the Series J Collateral Fund Account to purchase the MBS, if and when issued, and such MBS will then secure the payment of the principal of and interest on the Series J Bonds. If the MBS is not delivered on or before the MBS Delivery Date Deadline (as defined herein), or is delivered in an amount less than the full principal amount of the Series J Bonds, then the Eligible Funds in the Series J Collateral Fund Account and Series J Bond Proceeds Fund Account will be used to redeem the Series J Bonds as described herein.

Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the Series J Bonds will be secured by (i) the proceeds of the Series J Bonds delivered to the Trustee and deposited into the Series J Bond Proceeds Fund Account established under the Indenture, (ii) Eligible Funds, delivered to the Trustee and deposited into the Series J Revenue Fund Account established under the Indenture, in an amount equal to the interest on the Series J Bonds at the pass-through rate from the Bond Dated Date (as specified in the Term Sheet) to, but not including, the date that is five (5) calendar days after the MBS Delivery Date Deadline, and (iii) Eligible Funds from time to time to be delivered to the Trustee at the direction of the Borrower and deposited into the Series J Collateral Fund Account established under the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Series J Bonds will be paid from amounts on deposit in the Series J Revenue Fund Account, the Series J Collateral Fund Account and the Series K Bond Proceeds Fund Account along with the investment earnings thereon. After the delivery of the MBS, if delivered, the Series J Bonds will be secured by, and the principal of and interest thereon will be paid from, payments made on the MBS.

At all times, the Series K Bonds will be secured only by Eligible Investments in the Series K Bond Proceeds Fund Account and the Series K Collateral Fund Account or other Eligible Funds sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Series K Bonds when due and to pay the principal of the Series K Bonds on the Initial Mandatory Tender Date (as defined below).

* Preliminary, subject to change.

The Series K Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on January 1, 2023 (the “Initial Mandatory Tender Date”). All Bondholders of the Series K Bonds must tender their Series K Bonds for purchase on the Initial Mandatory Tender Date. The Series K Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Series J Bonds and the Series K Bonds are subject to mandatory redemption in whole or in part, as further described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER OF, OR A LOAN OF THE CREDIT OF, OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Except for the information under “ISSUER” and “NO LITIGATION – The Issuer.” the Issuer makes no representation as to, and assumes no responsibility for, the accuracy, adequacy, completeness or fairness of any portion of this Official Statement, all of which has been furnished by others.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Issuer, subject to approval of their legality by Norton Rose Fulbright US LLP., San Francisco, California, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsel, Gubb & Barshay, LLP, Oakland, California, for the Issuer by the City Attorney and by Hawkins Delafield & Wood LLP, Disclosure Counsel to the City, and for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, DC. CSG Advisors Incorporated has acted as independent registered municipal advisor to the Issuer in connection with the financing. The Bonds are expected to be available for delivery in New York, New York through the facilities of DTC on or about December __, 2019

RBC Capital Markets

Dated: _____, 2019

\$60,006,000*
City and County of San Francisco, California
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments)
2019 Series J

Dated Date: Date of Delivery; Initial Offering Price: 100%
Interest Rate: ___%; CUSIP: _____**
Maturity Date: July 1, 2039

\$24,834,000*
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Eastern Park Apartments)
2019 Series K

Dated Date: Date of Delivery; Initial Offering Price: 100%
Initial Interest Rate: ___%; CUSIP: _____**
Initial Mandatory Tender Date: January 1, 2023
Maturity Date: July 1, 2023

* Preliminary, subject to change.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The Issuer does not take any responsibility for the accuracy of such numbers.

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APPENDIX G -- TERM SHEET
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This Official Statement, including the cover page hereof, is provided for the purpose of setting forth information in connection with the issuance and sale of the Bonds. No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered herein, nor shall there be any sale of the Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Issuer (solely as to information under the captions “THE ISSUER” and “NO LITIGATION – The Issuer”), the Borrower and other sources which are believed to be reliable, but has not been independently verified, and such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Borrower or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Borrower, or any other parties described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Issuer has not approved any information in this Official Statement except information relating to the Issuer under the captions “THE ISSUER” and “NO LITIGATION – The Issuer,” and takes no responsibility for any other information contained in this Official Statement.

Fannie Mae has not reviewed or undertaken to determine the accuracy of any of the information contained in this Official Statement, other than providing a link to the template Fannie Mae MBS Prospectus in APPENDIX A and the Additional Disclosure Addendum in Schedule I to APPENDIX A, and makes no representation or warranty, express or implied, as to any of the other matters contained in this Official Statement, including, but not limited to (i) the accuracy or completeness of such information, (ii) the suitability of the Bonds for any investor, (iii) the feasibility or performance of any project, (iv) the structure, provisions or terms of the Bonds and any cash flows related thereto, or (v) compliance with any securities, tax or other laws or regulations including but not limited to the validity of the Bonds and the tax-exempt status of the Bonds. Fannie Mae’s role with respect to the Bonds is limited to issuing and discharging its obligations under the MBS if and when delivered.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES

HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains statements, which to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “belief,” and similar expressions are intended to identify forward looking statements. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT (“ORIGINAL BOUND FORMAT”), OR IN ELECTRONIC FORMAT. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR IN ELECTRONIC FORMAT; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS MUST READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN ALL OF THE INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT OR THE APPENDICES ATTACHED HERETO, FOR ANY PURPOSE.

OFFICIAL STATEMENT

\$60,006,000*
City and County of San Francisco, California
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments),
2019 Series J

\$24,834,000*
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Eastern Park Apartments),
2019 Series K

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the (i) \$60,006,000* Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments), 2019 Series J (the “Series J Bonds”) and (ii) \$24,834,000* Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K (the “Series K Bonds,” and together with the Series J Bonds, the “Bonds”) issued by the City and County of San Francisco, California (the “Issuer”). The Bonds will be issued pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, and a Resolution of the Issuer adopted on _____ (the “Resolution” and, collectively, the “Act”), and secured by an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), between the Issuer and [Trustee], as trustee (the “Trustee”). Pursuant to the Indenture, the Issuer is issuing the Bonds to make loans to Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) pursuant to the Financing Agreement, dated as of December 1, 2019 (the “Financing Agreement”), among the Issuer, the Trustee, and the Borrower to finance a portion of the costs of acquisition and rehabilitation of a 202-unit multifamily residential rental housing facilities project known as Eastern Park Apartments (the “Project”) to provide housing for persons of low and very low income in the City and County of San Francisco, California (the “Project”), as further described in the Term Sheet attached as APPENDIX G to this Official Statement (the “Term Sheet”). The Borrower will use Bond proceeds to provide financing for the Project and, with respect to the Series J Bonds, to facilitate the delivery of the MBS (as defined below) guaranteed by the Federal National Mortgage Association (“Fannie Mae”).

All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the respective meanings set forth in the Indenture or the Financing Agreement. See “APPENDIX B – DEFINITIONS OF CERTAIN TERMS” hereto.

Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the Series J Bonds will be secured by (i) the proceeds of the Series J Bonds delivered to the Trustee and deposited into the Series J Bond Proceeds Fund Account established under the Indenture, (ii) Eligible Funds, delivered to the Trustee and deposited into the Series J Revenue Fund Account established under the Indenture, in an amount equal to the interest on the Series J Bonds at the pass-through rate from the Bond Dated Date (as specified in the Term Sheet) to, but not including, the date that is five (5) calendar days after the MBS Delivery Date Deadline, and (iii) Eligible Funds from time to time to be delivered to the Trustee at the direction of the Borrower and deposited into the Series J Collateral Fund Account established under the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Series J Bonds will be paid from amounts on deposit in the Series J Revenue Fund Account, the Series J Collateral Fund Account and the Series K Bond Proceeds Fund Account along with the investment earnings thereon. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

* Preliminary, subject to change.

At all times, the Series K Bonds will be secured by Eligible Funds invested in Eligible Investments which amounts will be sufficient, along with investment earnings thereon (without the need for reinvestment) to pay all of the interest on the Series K Bonds when due and to pay the principal of the Series K Bonds on the Initial Mandatory Tender Date, as further described herein. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Borrower has obtained a construction loan in the amount of up to \$84,840,000 (the “Construction Loan”) from JPMorgan Chase Bank N.A. (the “Construction Lender”). From time to time, the Borrower will cause Eligible Funds, including proceeds of the Construction Loan, to be delivered to the Trustee for deposit into the Collateral Fund in order to enable the Trustee to release Bond Proceeds to pay costs of the Project. On the Conversion Date, the Construction Loan is expected to be repaid in part with the proceeds of the Permanent Loan and Tax Credit Equity (as defined herein). The Borrower has also received a commitment, dated as of _____, 2019 (the “Permanent Lender Commitment”) from Bellwether Enterprise Real Estate Capital, LLC (the “Permanent Lender”), pursuant to which the Permanent Lender has agreed, subject to the satisfaction of the conditions set forth in the Permanent Lender Commitment, to originate a mortgage loan (the “Permanent Loan”) to the Borrower secured by a mortgage constituting a first lien on the Project. See “THE PERMANENT LOAN AND THE MBS” herein. In the event the Permanent Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture in the Series J Collateral Fund Account to purchase a single mortgage pass-through certificate (the “MBS”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such MBS will then secure the payment of the principal of and interest on the Series J Bonds. See “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” herein. The closing of the Construction Loan and the Permanent Loan and delivery of the MBS are subject to the satisfaction of certain requirements and preconditions. The Permanent Lender Commitment does not extend to the benefit of any other third party, including the beneficial owners of the Series J Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

If the MBS is not delivered on or before the MBS Delivery Date Deadline (as defined herein), as such date may be extended pursuant to the terms of the Indenture, then the Eligible Funds in the Series J Collateral Fund Account and funds then on deposit in the Series J Bond Proceeds Fund Account will be used to redeem the Series J Bonds as set forth in the Indenture. The Series J Bonds are also subject to mandatory redemption in whole or in part as further described herein. See “DESCRIPTION OF THE BONDS — Redemption of Bonds.”

Following the MBS Delivery Date, the principal amount of the Series J Bonds Outstanding will equal the then-current principal amount of the MBS, which will equal the product of the original aggregate principal amount of the Permanent Loan and the then-applicable factor posted by Fannie Mae as the Permanent Loan amortizes or is otherwise prepaid (the “MBS Factor”). MBS Factors with respect to MBSs are currently published by Fannie Mae on its website through DUS Disclose.

The Series K Bonds are subject to mandatory tender for purchase in whole and not in part on the Initial Mandatory Tender Date (as defined below). All holders of the Series K Bonds must tender their Series K Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Series K Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing. The Series K Bonds are also subject to mandatory

redemption for failure to remarket as set forth herein. See “DESCRIPTION OF THE BONDS — Redemption of Bonds.”

The Series J Bonds shall bear interest on the outstanding principal amount thereof at the interest rate set forth on the inside cover hereof from the dated date thereof. Prior to the MBS Delivery Date, principal, if due, and interest on the Series J Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing January 26, 2020, until and including the 26th day of the month in which the MBS Delivery Date occurs and, commencing in the first month immediately following the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS (each, a “Series J Bond Payment Date”). The payment of interest on each Series J Bond Payment Date shall relate to the interest accrued during the preceding calendar month; provided that with respect to a redemption pursuant to Sections 3.01(b) and 3.01(c) of the Indenture, the interest shall include interest accruing from the first day of the month in which the last Payment Date occurred to the date of redemption.

The Series K Bonds shall bear interest on the outstanding principal amount thereof at the Initial Series K Bond Rate set forth on the inside cover hereof from their date of issuance to but not including, January 1, 2023 (the “Initial Mandatory Tender Date”), payable on each January 1 and July 1, beginning July 1, 2020 (each a “Series K Bond Payment Date”), each Mandatory Redemption Date, each Mandatory Tender Date, the Bond Maturity Date and any date of acceleration of the Series K Bond.

Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER OF, OR A LOAN OF THE CREDIT OF, OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Descriptions, certain definitions and final terms of the Bonds, the Borrower, the Project, the Permanent Loan and the MBS, are included in this Official Statement and, with respect to the Series J Bonds, the Permanent Loan and the MBS, in the Term Sheet. The information included in the Term Sheet assumes that the Permanent Loan is originated in an amount equal to the maximum amount available under

the Permanent Lender Commitment and that all the conditions to conversion set forth in the Permanent Lender Commitment (the “Conditions to Conversion”) have been satisfied and have not been waived or modified. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture, the Financing Agreement and the Regulatory Agreement (hereinafter defined) are available for inspection at the office of the Trustee.

The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board. For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

The Borrower has not previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any sources of funds to make payments on the Bonds, other than revenues generated by the Project. See “THE PROJECT AND THE PARTICIPANTS – Limited Assets and Obligations of the Borrower.”

Except for the information under “ISSUER” and “NO LITIGATION – The Issuer,” the Issuer makes no representation as to, and assumes no responsibility for, the accuracy, adequacy, completeness or fairness of any portion of this Official Statement, all of which has been furnished by others.

THE ISSUER

The City is a municipal corporation and chartered city and county of the State of California, organized and existing under and pursuant to its Charter and the Constitution and laws of the State. The City is authorized to issue bonds for the purpose of providing funds to make a loan for the acquisition, construction or rehabilitation of housing located in the City and County of San Francisco.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER OF, OR A LOAN OF THE CREDIT OF, OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

DESCRIPTION OF THE BONDS

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

General

The Series J Bonds will be issued in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. The Series K Bonds will be issued in the denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “DESCRIPTION OF THE BONDS – Book-Entry Only System” herein.

The Series J Bonds will be dated and have a final maturity date and a final payment date on the respective dates identified on the inside cover hereof and the Term Sheet attached hereto as APPENDIX G. The Series J Bonds will bear interest from their dated date at the Pass-Through Rate set forth on the inside cover hereof and in the Term Sheet. Interest on the Series J Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year. Interest on the Series J Bonds will be payable on each Series J Bond Payment Date to the Bondholders of record at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the “Record Date”).

Prior to the MBS Delivery Date, all payments of interest with respect to the Series J Bonds will be paid to the Bondholders by the Trustee from funds held in the Revenue Fund under the Indenture. Commencing in the first month after the month in which the MBS Delivery Date occurs, on the first Business Day following receipt of a payment representing principal, if due, and interest under the MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of principal, if due, and interest on the Series J Bonds.

The Series K Bonds shall be dated their date of delivery and shall bear interest at the Initial Series K Bond Rate from their date of delivery, to but not including the Initial Mandatory Tender Date, payable on each Series K Bond Payment Date, commencing July 1, 2020, on each Mandatory Tender Date and on each date the Series K Bonds are subject to redemption pursuant to the Indenture. Interest on the Series K Bonds shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each. The payment of interest on a Series K Bond Payment Date shall be in an amount equal to the interest accrued during the Interest Period ending on the day preceding such Series K Bond Payment Date.

All payments of principal and interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee as of the Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. See “DESCRIPTION OF THE BONDS – Book-Entry Only System.” So long as Cede & Co. is the registered owner of the Bonds, all references in this Official Statement to the owners or holders of the Bonds, means Cede & Co. and not the Beneficial Owners of the Bonds.

Transfer of Bonds

While DTC is securities depository for book-entry Bonds, the transfer of beneficial ownership of Bonds shall take place as described in “DESCRIPTION OF THE BONDS - Book-Entry Only System” herein.

To the extent Bonds are not book-entry Bonds, the registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity, same series and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee’s opening of business on the applicable Record Date and ending at the Trustee’s close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided herein. No charge shall be made to any Bondholder for the privilege of registration of transfer as herein provided, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee.

Mandatory Tender of Series K Bonds

All Outstanding Series K Bonds shall be subject to mandatory tender by the holders thereof for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series K Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

The Mandatory Tender Dates shall include (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for a mandatory tender of the Series K Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Series K Bonds pursuant to the Indenture.

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

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

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

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

Notice of Mandatory Tender

Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the holders of the Series K Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Series K Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Series K Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Bondholders will not have the right to elect to retain their Series K Bonds;

(ii) the address of the designated corporate trust office of the Trustee at which Bondholders should deliver their Series K Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Series K Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) of the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Series K Bonds on the Mandatory Tender Date, all of the Series K Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Series K Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Series K Bond required to be delivered to the Trustee for payment of the purchase price of such Series K Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Series K Bond to the Trustee and stating that delivery of the Series K Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed

Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Series K Bond.

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

The Series K Bonds may be remarketed and a new interest rate for the Series K Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

Redemption of Bonds

The Bonds are subject to mandatory redemption under the Indenture as follows:

Series J Bonds - Mandatory Redemption Prior to MBS Delivery Date. Prior to the first day of the first month following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part on any Payment Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series J Collateral Fund Account and second, from money on deposit in the Series J Bond Proceeds Fund Account, and with respect to interest, from money on deposit in the Series J Revenue Fund Account.

Series J Bonds - Mandatory Redemption Upon Failure to Convert by Termination Date or Failure to Purchase the MBS. The Series J Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Collateral Fund Account, and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

Series J Bonds - Mandatory Redemption on the MBS Delivery Date. The Series J Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to 100% of the principal amount of the Series J Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Series J Bond Payment Date occurred to, but not including, the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Series J Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Collateral Fund Account and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

Series J Bonds - Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part in an amount equal to, and

one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

Series J Bonds - Mandatory Redemption in Lieu of Exchange. The Series J Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Series J Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon its proportionate interest in the Series J Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. See "DESCRIPTION OF THE BONDS – Optional Exchange of Series J Bonds for MBS" herein.

Series K Bonds - Mandatory Redemption for Failure to Remarket. The Series K Bonds are subject to mandatory redemption in whole at a redemption price of 100% of the Outstanding principal amount thereof, plus accrued interest to the redemption date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Series K Bonds; (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein; or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Series K Bonds on such Mandatory Tender Date. Series K Bonds subject to redemption in accordance with this section shall be redeemed from (i) amounts on deposit in the Series K Collateral Fund Account, (ii) amounts on deposit in the Series K Negative Arbitrage Account and the Series K Revenue Fund Account of the Revenue Fund, (iii) amounts on deposit in the Series K Bond Proceeds Fund Account, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

Series K Bonds - Optional Redemption. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date. After the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Series K Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower (with written notice to the Trustee at least 30 days prior to the proposed redemption date specifying the principal amount of the Bonds to be redeemed and delivery of a Cash Flow Projection) on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Series K Bonds to be redeemed plus accrued interest to the applicable redemption date.

Notice of Redemption

Anytime the Bonds are subject to redemption in whole or in part pursuant to the Indenture (except redemptions pursuant to 3.01(a) ("Series J Bonds – Mandatory Redemption Prior to MBS Delivery Date") or 3.01(d) ("Series J Bonds – Mandatory Redemption Following MBS Delivery Date") for which no notice of redemption shall be required), the Trustee, in accordance with the provisions of the Indenture, shall give at least twenty (20) Business Days' notice, in the name of the Issuer, of the redemption of the Series J Bonds and at least twenty (20) but not more than thirty (30) Business Days' notice, in the name of the Issuer, of the redemption of the Series K Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name, address and phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this heading "Notice of Redemption" with respect to a

redemption described under the heading “Series J Bonds - Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS,” above, may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to the Indenture. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. With respect to a mandatory redemption pursuant to the heading “Series K Bonds - Mandatory Redemption for Failure to Remarket,” the notice of Mandatory Tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption required by this section and shall satisfy the requirements of this section, and no further notice of redemption will be required to the Bondholders.

The Bonds to be redeemed in part pursuant to the Indenture and exchanged in part pursuant to the Indenture will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the “Pro Rata Pass-Through Distributions of Principal” procedures of DTC or comparable procedures of any successor Substitute Depository.

In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (10) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended under the Indenture), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, to the Borrower, the Investor Limited Partner, the Permanent Lender, the Construction Lender, the Issuer and the Underwriter, written notice of such non-purchase.

Notices of optional redemption of the Series K Bonds shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption Eligible Funds sufficient to pay the redemption price of the Series K Bonds to be redeemed or, in the case of any redemption premium on the Series K Bonds, there are not on deposit Eligible Funds sufficient to pay such redemption premium.

Notwithstanding this section, no prior notice shall be a prerequisite to the effectiveness of any redemption under the heading “Redemption of Bonds” which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to the heading “Redemption of Bonds,” above, required under this heading “Notice of Redemption.”

Optional Exchange of Series J Bonds for MBS

Following delivery of the MBS to the Trustee, a Beneficial Owner of Series J Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture or such other form as may be approved by the Trustee (the “Request Notice”), to exchange Series J Bonds for a like principal amount of the MBS, provided, that (i) the MBS will be, when delivered, in a face amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (ii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter signed by an Authorized Borrower Representative confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least six (6) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall immediately provide a copy to the Issuer and the Permanent Lender. The Issuer shall then have up to five (5) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon such Beneficial Owner’s proportionate interest in the Series J Bond or (ii) redeem the Beneficial Owner’s Series J Bonds for an amount equal to the Cash Value (as defined herein) as of the Exchange Date. Any failure of the Issuer to provide direction within the period

set forth in the prior sentence shall be deemed a direction to deliver the MBS in lieu of redeeming the Series J Bonds. Immediately upon receiving the Issuer's direction, the Trustee shall notify such Beneficial Owner of the Issuer's direction. Upon receipt of any Series J Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Series J Bonds being exchanged or redeemed, which will not be reissued.

Cash Value = original face amount of the MBS x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price of the Series J Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportionate interest in the MBS in lieu of redeeming the Series J Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner, the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the MBS on the date specified in the Request Notice promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Series J Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) with respect to such Series J Bonds. Such Beneficial Owner's proportionate interest in the MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. The proportional interest in the MBS delivered in such an exchange will not be exchangeable for Series J Bonds. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Series J Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Series J Bonds from the Series J Revenue Account to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Series J Bonds in lieu of an exchange with the MBS, the Beneficial Owner shall arrange with its securities dealer (and/or DTC participant) to deliver such Series J Bonds to the Trustee (via DTC withdrawal or DWAC) on or before such redemption date. Once such delivery has been verified and settled by the Trustee, the Trustee shall transfer a like principal amount of the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus interest accrued but unpaid on the MBS (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Series J Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any exchange or redemption of Series J Bonds described under this heading “Optional Exchange of Series J Bonds for MBS” or (ii) any of the costs or expenses thereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any exchange of a Series J Bond for the MBS.

Extension of MBS Delivery Date Deadline

At any time prior to the date on which notice of redemption pursuant to the Indenture, as described under the heading “Notice of Redemption” above must be given pursuant to the Indenture, as described under “Redemption of Bonds – Series J Bonds - Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS” and “Series J Bonds - Mandatory Redemption on the MBS Delivery Date,” above, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Issuer, the Rating Agency and the Underwriter written notice of any extension of the MBS Delivery Date Deadline, (ii) depositing with the Trustee Eligible Funds for the credit of the Series J Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Series J Bonds to the date that is five (5) calendar days after the extended MBS Delivery Date Deadline (the “Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Series J Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in a mandatory redemption of the Series J Bonds pursuant to the Indenture; provided, however, the MBS Delivery Date Deadline may not be extended (i) if the Termination Date has occurred prior to the Conversion Date or (ii) to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

Payment of Redemption Price

With respect to any redemption pursuant to the heading “Redemption of Bonds” above, notice having been given in the manner provided in the heading “Notice of Redemption” above (or not required to be given as a result of a redemption pursuant to the heading “Redemption of Bonds” above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in the heading “Redemption of Bonds” above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, (which, with respect to the Series J Bonds only, shall equal all interest accrued on the MBS) if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE ISSUER CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE

ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE PERMANENT LOAN AND THE MBS

General

The Permanent Lender Commitment sets forth certain Conditions to Conversion which must be satisfied by the Borrower prior to the origination of the Permanent Loan and the issuance of the MBS. Such conditions include, but are not limited to: the completion of improvements, confirmation that Minimum Occupancy Requirement (as defined in the Permanent Lender Commitment) has been met, the delivery of required transaction documents and certain other items required in connection with the Permanent Lender Commitment; the renewal and approval by Fannie Mae of all agreements, documents, instruments reports, surveys, papers and matters which are subject to Fannie Mae's review and approval in connection with the Permanent Lender Commitment; the payment of all fees required in connection with the Permanent Lender Commitment; that there be no event of default under any of the required transaction documents; and certain other conditions set forth in the Permanent Lender Commitment. The conditions described in the prior sentence represent only a limited summary of the Conditions to Conversion, and the Permanent Lender Commitment should be referenced for a full description of such conditions. Upon satisfaction of the Conditions to Conversion set forth in the Permanent Lender Commitment prior to January 1, 2023 (the "Termination Date"), which date is subject to one six-month extension as set forth in the Permanent Lender Commitment and to further potential extension at the sole discretion of Fannie Mae, the Permanent Lender will originate the Permanent Loan and the Permanent Loan will be pooled into the MBS issued by Fannie Mae.

If and when the Permanent Loan is originated, the Indenture authorizes the Trustee to purchase the MBS, if and when the MBS is issued, and such MBS will then secure the payment of the interest on and principal of the Series J Bonds. If the MBS is not delivered, then the Series J Bonds will be redeemed as further described in "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein and APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

The Lender has undertaken to certify that the MBS has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Permanent Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Multifamily Deed to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"). The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Permanent Loan.

Delivery of MBS

If the Conversion Date occurs prior to the Initial Termination Date and Eligible Investments must be liquidated to purchase the MBS, the Borrower shall cause to be delivered to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection.

The MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the MBS on the MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the MBS duly executed by Fannie Mae is available for purchase by the Trustee at the MBS Purchase Price, and meets the following requirements:

(i) the principal amount of the MBS will equal from time to time the then-current principal amount of the Series J Bonds, except for principal payments received which have not been remitted to owners of the Series J Bonds;

(ii) the MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date that is the same as the Bond Maturity Date;

(iii) the MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the MBS) is guaranteed to the record owner of the MBS, regardless of whether corresponding payments of principal and interest on the Permanent Loan are paid when due; and

(iv) the MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the MBS on behalf of, and has identified the MBS on its records as belonging to, the Trustee. Upon purchase of the MBS on the MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

The rating on the Series J Bonds could be adversely affected by an adverse credit action related to Fannie Mae. No rating confirmation is required prior to purchase by the Trustee of the MBS. See "RATING" herein.

MBS Payments

Following the MBS Delivery Date, if the MBS is delivered, payments on the MBS will be made on the 25th day of each month (beginning with the month following the month in which the MBS is issued and delivered to the Trustee), or, if such 25th day is not a Business Day, on the first Business Day next succeeding such 25th day. With respect to the MBS, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Permanent Loan underlying the MBS during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of the Permanent Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election the Permanent Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase the Permanent Loan under certain other circumstances), (iii) the amount of any partial prepayment of the Permanent Loan received in the calendar month next preceding the month of distribution, and (iv) one month's interest at the Pass-Through Rate on the principal balance of the MBS as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the MBS on its issue date).

For purposes of distribution, the Permanent Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of the Permanent

Loan has been received, whether or not such full amount is equal to the stated principal balance of the Permanent Loan.

For further information regarding Fannie Mae and the MBS, see also “APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Pledge and Trust Estate

In order to secure the payment of the principal of, the premium, if any, and interest on the Bonds, the Issuer has pledged, for the benefit of the Bondholders, subject only to the provisions of the Indenture permitting the applications thereof for or to the purposes, and on the terms and conditions set forth in, the Indenture, the following:

- (i) All right, title and interest of the Issuer in and to the Series J Bond Loan Note and Series K Bond Loan Note (each, other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof
- (ii) All right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded on the Closing Date in an amount equal to the principal amount of the Bonds;
- (iii) All amounts on deposit in the Collateral Fund and the Revenue Fund;
- (iv) Solely with respect to the Series J Bonds, the MBS, if issued by Fannie Mae and acquired by the Trustee, and all MBS Revenues;
- (v) All right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement (except Reserved Rights) and the Regulatory Agreement, except Reserved Rights; and
- (v) All other property which by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf, and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund, the Costs of Issuance Fund[, the Borrower Equity Fund] and the Administration Fund.

The foregoing pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds.

Prior to the delivery of the MBS with respect to the Series J Bonds, and at all times with respect to the Series K Bonds, the Bonds will be secured by the deposit with the Trustee of the proceeds received from the sale of the Series J Bonds and the Series K Bonds, as applicable, and other Eligible Funds held under the Indenture by the Trustee in an aggregate amount equal to the outstanding principal amount of the Bonds. The Trustee will use Eligible Funds held under the Indenture along with interest earnings thereon to (a) pay principal, premium, if any, and interest on the Bonds when due, and (b) acquire, if and when issued, the MBS, upon satisfaction of the conditions set forth in the Indenture and the Permanent Lender Commitment.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee on or before the MBS Delivery Date Deadline, as such date may be extended as provided in the Indenture. Following the delivery of the MBS to the Trustee, if delivered, payments of principal and interest on the Series J Bonds will be payable from pass-through payments received by the Trustee on the MBS. See “THE PERMANENT LOAN AND THE MBS” above and “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” hereto.

If the MBS is not acquired by the Trustee prior to the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture), the Series J Bonds will be redeemed from Eligible Funds held under the Indenture as described in “DESCRIPTION OF THE BONDS – Redemption of Bonds” herein.

Except with respect to the Series J Revenue Fund Account following the MBS Delivery Date, amounts on deposit in the Bond Proceeds Fund, the Collateral Fund, and the Revenue Fund shall at all times be invested in Eligible Investments.

Limited Obligations of the Issuer

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER OF, OR A LOAN OF THE CREDIT OF, OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Nonrecourse Liability of Borrower

Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to the Financing Agreement shall not be secured by or create a lien or charge on in any manner the property of the Borrower or its partners, including the Project or the rents, issues and profits thereof and, except as set forth in the Financing Agreement, shall be non-recourse to the Borrower and its partners. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT.”

The limit on the Borrower’s liability as set forth in the Financing Agreement shall not, however, be construed, and is not intended to in any way, constitute a release, in whole or in part, of the indebtedness evidenced by the Financing Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under the Financing Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto

guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Financing Agreement.

Funds and Accounts

Revenue Fund. There shall be deposited into the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account of the Revenue Fund, as applicable, as and when received, (i) the Series J Negative Arbitrage Deposit and the Series K Negative Arbitrage Deposit, and (ii) any Extension Deposit. Upon the redemption of the Series K Bonds in full, or following the Bond Maturity Date for the Series K Bonds, any funds then remaining unexpended after payment in full of the Series K Bonds in the Series K Revenue Fund Account and the Series K Negative Arbitrage Account shall be transferred to the Series J Revenue Fund Account and the Series J Negative Arbitrage Account, as applicable, and the Series K Negative Arbitrage Account shall be closed.

There shall be deposited into the Series J Revenue Fund Account, as and when received, (i) following the MBS Delivery Date, all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to the Indenture to be deposited therein, (ii) any other amounts specified in the Indenture, and (iii) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms hereof.

There shall be deposited into the Series K Revenue Fund Account all amounts paid by the Borrower for such purpose pursuant to the Financing Agreement.

Following the transfer to the applicable Account of the Revenue Fund of investment earnings from any Eligible Investments, as provided in Section 5.16 of the Indenture, (i) prior to the MBS Delivery Date, the Trustee shall disburse from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account), on each Series J Bond Payment Date an amount equal to the amount of principal and interest due on the Series J Bonds pursuant to the Permanent Loan Amortization Schedule and (ii) on each Series K Bond Payment Date, the Trustee shall disburse from the Series K Revenue Fund Account (and, to the extent amounts in the Series K Revenue Fund Account are insufficient for such purposes, from the Series K Negative Arbitrage Account) an amount equal to the amount of principal and interest due on the Series K Bonds.

On the MBS Delivery Date, the Trustee shall remit from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account) to the Permanent Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.

On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return to the Borrower any amounts then on deposit in the Series J Negative Arbitrage Account of the Revenue Fund and shall immediately close such account.

On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Series J Revenue Fund Account pursuant to Section 5.05(e) of the Indenture, the Trustee shall pay to the Series J Bond owners all amounts so received from money on deposit in the Series J Revenue Fund Account.

If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month (or the next succeeding Business Day if such day of the month is not a Business

Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

Bond Proceeds Fund. Upon (a) deposit of Eligible Funds (other than proceeds of the Bonds) into the applicable Account of the Collateral Fund, if any, as provided in Section 5.09 of the Indenture, (b) delivery of a corresponding Requisition executed by an Authorized Borrower Representative (and approved by the Lender and Issuer Servicer) and (c) subject to the provisions of this Section 5.08 of the Indenture, the Trustee shall disburse proceeds of the Series J Bonds or Series K Bonds, as applicable, in an amount equal to such corresponding deposit made into the applicable Account of the Collateral Fund to fund Project Costs pursuant to such Requisition. Prior to making any such disbursement from the applicable Account of the Bond Proceeds Fund, the Trustee shall confirm that, with respect to each of the Series J Bonds and the Series K Bonds, as applicable, the aggregate amount, including projected investment earnings shown in the Cash Flow Projection delivered at closing (upon which the Trustee may conclusively rely for this confirmation without further calculation of review), that will be held in (a) the applicable Account of the Collateral Fund, (b) the applicable Account of the Bond Proceeds Fund, and (c) the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account, after the requested disbursement and subject to reallocation as provided in the Indenture, will at least equal the principal and interest due on the Series J Bonds and the Series K Bonds, as applicable, to the Initial Termination Date and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the applicable Account of the Collateral Fund. To the extent money on deposit in the applicable Account in the Bond Proceeds Fund is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to reallocate the Eligible Investments in the manner described under “- Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Bond Proceeds Fund” below.

Upon the satisfaction of the provisions described above, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the applicable Account in the Bond Proceeds Fund equal to either the amount deposited to the applicable Account of the Collateral Fund, as set forth in the corresponding Requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited into the applicable Account of the Collateral Fund, within one Business Day of receipt of such deposit, to the party that made such deposit as set forth in the Requisition.

The Trustee shall not disburse any amounts on deposit in the Series J Bond Proceeds Fund Account until all amounts on deposit in the Series K Bond Proceeds Fund Account have been applied to pay Project Costs. Upon the disbursement of all amounts on deposit in the Series K Bond Proceeds Account, such account shall be closed.

To the extent sufficient Eligible Funds are not otherwise available to the Trustee, including money on deposit in the applicable Account of the Revenue Fund, the applicable Account of the Collateral Fund or the Series J Negative Arbitrage Account or Series K Negative Arbitrage Account, as applicable, of the Revenue Fund, the Trustee shall transfer from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Revenue Fund sufficient money to pay amounts due on the Series J Bonds or Series K Bonds, as applicable, pursuant to the Indenture.

On the MBS Delivery Date, amounts remaining in the Series J Bond Proceeds Fund Account of the Bond Proceeds Fund shall be used by the Trustee, subject to the provisions of Section 5.03 of the Indenture, in the following order: (i) to the extent sufficient funds are not otherwise available in the Series J Collateral Fund Account, to pay the MBS Purchase Price, (ii) to transfer funds to the Series J Revenue Fund Account in an amount equal to the difference, if any, between (x) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurs and (y) the principal

amount of the MBS purchased on the MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to Section 3.01(c) of the Indenture, and (iii) to pay any remaining Project Costs as approved by the Permanent Lender in writing. Upon the disbursement of all amounts on deposit in the Series J Bond Proceeds Account, such account shall be closed.

Collateral Fund. The Trustee shall deposit into the applicable Account of the Collateral Fund all Eligible Funds (other than proceeds of the Bonds) received pursuant to the Financing Agreement for such purpose, and any other Eligible Funds received by the Trustee for deposit into the applicable Account of the Collateral Fund. The Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the applicable Account of the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Series J Bond proceeds and Series K Bond proceeds, as applicable, on deposit in the applicable Account of the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Subject to the provisions hereof, (i) until the purchase of the MBS on the MBS Delivery Date, each deposit into the Series J Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series J Bonds, and (ii) each deposit into the Series K Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series K Bonds.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the applicable Account of the Collateral Fund to the applicable Account of the Revenue Fund an amount necessary to pay amounts due on the applicable Bonds pursuant to Section 3.01 of the Indenture, and (ii) on the MBS Delivery Date, the Trustee shall use money in the Series J Collateral Fund Account (and, to the extent there are not sufficient funds on deposit in the Series J Collateral Fund Account, first from the Series J Negative Arbitrage Account and second from the Series J Bond Proceeds Fund Account) to pay for the principal amount of the MBS.

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

On the Business Day following each disbursement from the applicable Account of the Bond Proceeds Fund, to the extent that the aggregate principal amount held in both (a) the applicable Account of the Collateral Fund and (b) the applicable Account of the Bond Proceeds Fund, after the requested disbursement, exceeds the then-Outstanding principal amount of the Bonds shall be retained in the applicable account of the Collateral Fund.

On the Business Day following the retirement in full of the Series K Bonds either by reason of the redemption thereof or if later, the Bond Maturity Date, any funds then remaining in the Series K Collateral Account shall be transferred to the Series J Collateral Account and the Series K Collateral Account shall be closed.

On the first Business Day of the month following the month in which the Series J Bonds are either redeemed in full for failure to deliver the MBS or the MBS has been delivered to the Trustee, any funds then remaining in the Series J Collateral Account shall be disbursed to or at the direction of the Borrower and the Series J Collateral Account shall be closed.

[Borrower Equity Fund. The Borrower shall cause to be deposited with the Trustee the Borrower Equity Amount for deposit to the Borrower Equity Fund. Amounts on deposit in the Borrower Equity Fund

shall be disbursed to pay Project Costs upon receipt of a Requisition approved by the Lender. Once all Project Costs have been paid or accounted for, as certified in writing by the Borrower and approved by the Lender, any funds remaining in the Borrower Equity Fund shall be disbursed to the Borrower and the Borrower Equity Fund shall be closed.][*Confirm if Fund is needed.*]

In addition to the Collateral Fund, the Bond Proceeds Fund and the Revenue Fund, the Indenture creates the Rebate Fund, and Administration Fund and Cost of Issuance Fund, all of which are described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” hereto.

Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds and Accounts shall be invested by the Trustee at the written direction of the Borrower in Eligible Investments which, except as otherwise provided in Section 5.16 of the Indenture, mature or are redeemable at par without penalty on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything herein to the contrary except as otherwise described in this sentence, all amounts in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be invested solely in Eligible Investments; provided, however, that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the applicable Account of the Revenue Fund. If the Trustee does not receive written direction from the Borrower regarding the investment of funds, the Trustee shall invest solely in Eligible Investments described in clause (b) of the definition of Eligible Investments herein, which shall mature or be redeemable at par without penalty at the times set forth in Section 5.12 of the Indenture. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Eligible Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. With respect to the Series J Bonds, prior to the MBS Delivery Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection. With respect to the Series K Bonds, prior to the Initial Mandatory Tender Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection, and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Eligible Investments acquired by the Trustee pursuant to the Indenture shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of the Indenture. The Trustee shall take such actions as shall be necessary to assure that such Eligible Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest therein created.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the

acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Bond Proceeds Fund

On the Closing Date, the Trustee shall allocate ownership of the Eligible Investments acquired pursuant to the Indenture and deposited for the benefit of the Bond Proceeds Fund and the Collateral Fund as follows: The Trustee shall allocate to the appropriate account in the Collateral Fund a percentage of such Eligible Investments equal to the amount of Eligible Funds delivered to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the applicable series of Bonds and multiplied by 100 (the “Initial Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the “Initial Bond Proceeds Fund Percentage”) shall be allocated to the appropriate account in the Project Fund. On each subsequent month when additional Eligible Funds are delivered for deposit to the appropriate account of the Collateral Fund (the “Subsequent Allocation Date”), the dollar amount of such Eligible Funds shall be added to all prior deposits of Eligible Funds, and the percentage of such Eligible Investments allocated to the appropriate account in the Collateral Fund shall be adjusted to that percentage equal to the aggregate Eligible Funds through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the “Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the “Bond Proceeds Fund Percentage”) shall be allocated to the appropriate account in the Bond Proceeds Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Eligible Investments allocated to the appropriate account in the Bond Proceeds Fund and purchased equivalent Eligible Investments to be allocated to the appropriate account in the Collateral Fund.

Defeasance

(a) If all Bonds shall be paid and discharged as provided in the Indenture, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with Sections 6.03 of the Indenture. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, including any other unpaid Trustee fees and expenses, shall be paid as provided in Section 5.15 of the Indenture.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Eligible Investments in such amount as in the written opinion of a certified public accountant

will, together with the interest to accrue on such Eligible Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of section (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.02 of the Indenture to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the maturity of such Bond.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm selected by the Issuer to provide for the payment of all Bonds to be defeased pursuant to this Section.

(d) In addition to the circumstances described in paragraph (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or an interest therein as provided in Section 2.16 of the Indenture.

Any Series J Bonds defeased in accordance with the Indenture will no longer be secured by the MBS.

Notwithstanding anything herein to the contrary, the purchase of Eligible Investments in accordance with the provisions of the Indenture described under “-Investment of Funds” above, together with the Negative Arbitrage Deposit, shall not cause a discharge of the Indenture.

No Release of MBS

Except as described under “Defeasance” above, the Trustee shall not release and discharge the MBS from the lien of the Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under the Indenture. The Trustee shall not release or assign the MBS to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder (except to the limited extent described under “DESCRIPTION OF THE BONDS – Optional Exchange of Series J Bonds for MBS” herein).

Events of Default and Remedies

For a description of events of default, remedies, rights of Bondholders, restrictions on Bondholder actions, application of moneys after default, control of proceedings and waivers of events of default, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” hereto.

Supplemental Indentures

For a description of supplemental indentures effective upon acceptance and supplemental indentures requiring consent of Bondholders, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the Project to be applied under the Indenture are estimated by the Borrower to be approximately as follows.

SOURCES:

Series J Bonds	\$-
Series K Bonds	-
Required Equity Funds*	-
Construction Loan	-
Total Sources of Funds:	\$-

USES:

Series J Bond Proceeds Fund Account	\$-
Series K Bond Proceeds Fund Account	-
Series J Collateral Account	-
Series K Collateral Account	-
Revenue Fund – Series J Negative Arbitrage Account	-
Total Uses of Funds:	\$-

* Required Equity Funds will be Eligible Funds provided through a day loan from the Investor Limited Partner to the Borrower.

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OTHER FINANCING SOURCES

In addition to the proceeds of the Bonds, the financing of the Project will be facilitated through the following other financing sources:

Construction Loan. The Project will utilize a construction loan in the principal amount of \$84,840,000* (the "Construction Loan"). The obligation to repay the Construction Loan will be set forth in a promissory note (the "Construction Loan Note") from the Borrower to the Construction Lender and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Construction Loan Note will be secured by a mortgage against the Project. The Construction Loan Note will have a term of ___ months and will bear interest at a rate of ___ per annum, with principal and interest not otherwise paid, due at maturity. The Construction Loan proceeds will be disbursed from time to time by the Construction Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

Permanent Loan and Mortgage Note. The Project will utilize a Permanent Loan from the Permanent Lender. Upon satisfaction of the Conditions to Conversion, the Permanent Lender will make the Permanent Loan to the Borrower, the proceeds of which will be used to pay off a portion of the Construction Loan. The obligation to repay the Permanent Loan will be set forth in a promissory note (the "Mortgage Note") from the Borrower to the Permanent Lender, which Mortgage Note will have a term of not less than 360 months, will bear interest at a rate of ___% and will amortize over ___ years. The principal amount of the Series J Bonds will be equal to the principal amount of the Permanent Loan. Following the MBS Delivery Date, payments on the Series J Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the MBS. Upon delivery of the Mortgage Note, the Series J Bond Loan Note will no longer be in effect.

Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Limited Partner a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Tax Credit Equity will total approximately \$_____, with an initial contribution of approximately \$_____, which will be funded on the Closing Date. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

General Partner Loan. Simultaneously with the issuance of the Bonds, the General Partner of the Borrower is expected to make a loan to the Borrower to finance a portion of the Project in the approximate amount of \$_____ (the "GP Loan"). The GP Loan is expected to be a non amortizing loan that will mature in ___ years and be payable from cash flow from the Project. It is also expected to be secured by a mortgage on the property that is subordinate to the mortgages in favor of the Permanent Lender and the Construction Lender.

Seller Loan. Simultaneously with the issuance of the Bonds, the seller of the Project is expected to make a loan to the Borrower to finance a portion of the Project in the approximate amount of \$_____ (the "Seller Loan"). The Seller Loan is expected to be a non amortizing loan that will mature in ___ years and be payable from cash flow from the Project. It is also expected to be secured by a mortgage on the property that is subordinate to the mortgages in favor of the Permanent Lender, the Construction Lender and the General Partner Loan.

* Preliminary, subject to change.

Deferred Developer Fee. The Project will also utilize deferred developer fee in the amount of \$ _____ as a source of funding.

THE PROJECT AND THE PARTICIPANTS

The Project

General. The Project consists of the construction, rehabilitation and equipping of a 202-unit multifamily rental housing facility to be occupied by persons of low and very low income and related personal property and equipment known as Eastern Park Apartments and located in the City and County of San Francisco, California.

The Project is intended to be affordable housing for low income persons. On-site amenities of the Project will include [Description of on-site amenities].

The unit mix of the Project is as follows:

	Number of Units	Unit Type	Approximate Square Footage per Unit
	-	-	-
	-	-	-
Total:	202		

Unit amenities will include [List of Amenities].

The Borrower

[Description of the Borrower and partners to come]

The Developer

[Description of the Developer]

Limited Assets and Obligations of the Borrower

[The Borrower entity was formed to acquire, renovate and operate the Project. Borrower has no material assets other than the Project and has covenanted not to engage in any activities unrelated to the Project. However, affiliates of the Borrower are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Bond Loan Notes are of a non-recourse nature and are limited to funds deposited or to be deposited under the Indenture to enable the Borrower to satisfy such obligations. Neither the Borrower nor its members have any personal liability for payments on the Bond Loan Notes to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its members are included in this Official Statement.

The Borrower has not previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected

that the Borrower will not have any sources of funds to make payments on the Bonds, other than revenues generated by the Project.]

The Contractor

The General Contractor for the Project will be _____ (the “Contractor”). The Contractor and its affiliates [Brief description of work history]. Any previous experience of the Contractor is no assurance that the Project will be successful.

The Property Manager

The Project will be managed by _____ (the “Property Manager”). The Property Manager currently manages [Brief description of managed properties].

Project Regulation

[To be conformed to relevant agreements.]

Regulatory Agreement. The Regulatory Agreement requires that at all times during the Qualified Project Period, not less than 40% of the completed residential units in the Project, other than those units occupied by the Borrower or an Affiliated Party to the Borrower, shall be occupied (or held available for occupancy) on a continuous basis by persons or families at or below 60% of the median gross income for the area in which the Project is located.

The Borrower has agreed that each individual rental unit in the Project will be rented or held for rental on a first-come, first-served basis, to the general public on a continuous basis, subject to the restrictions in the Regulatory Agreement. In addition, the Borrower will agree to the occupancy requirements described under this heading. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.”

The Regulatory Agreement also contains provisions for verifying compliance with the terms thereof. The provisions of the Regulatory Agreement discussed herein are intended, among other things, to ensure compliance with the requirements of the Code with respect to the excludability of the interest on the Bonds from gross income. Upon any breach by the Borrower of any provisions of the Regulatory Agreement, the Issuer or the Trustee may (in some cases only with the consent of Lender) take such actions at law or in equity as deemed appropriate under the circumstances, including an action for specific performance of the Regulatory Agreement, as described under the heading “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” Such a breach by the Borrower may result in interest on the Bonds being included in gross income of the holders of the Bonds for purposes of federal income taxation as described in “CERTAIN BONDHOLDERS’ RISK - Taxability of the Bonds” and “TAX MATTERS.”

Extended Use Agreement. In connection with the Tax Credits expected to be allocated to the Borrower in connection with the Project, the Borrower will execute an Extended Low-Income Housing Agreement for the Project in compliance with Section 42 of the Code (the “Extended Low-Income Housing Agreement”). The Extended Low-Income Housing Agreement extends the low-income housing tax credit targeting and rent restrictions for the Project under Section 42 of the Code for at least 15 years beyond the initial 15 year compliance period, subject only to a few exceptions. The Extended Low-Income Housing Agreement will be executed by the Borrower and the Issuer before the end of the first year of the credit period (as defined in Section 42 of the Code) and recorded in the public records of the county in which the Project is located as a covenant running with the land. The Extended Low-Income Housing Agreement for

the Project will, among other things, require that at least 100% of the residential rental units in the Project must be occupied by or set aside for individuals or families whose income does not exceed 60% of the AMI for San Francisco County, California, adjusted for family size in accordance with Section 142(d) of the Code.

Under the Code, the restricted use period terminates prior to its expiration date if the Project is acquired by foreclosure or deed in lieu thereof unless after foreclosure or deed in lieu of foreclosure a transfer is made to a person or entity related to the Borrower. Notwithstanding the foregoing, the Code requires that any termination of the extended use period due to foreclosure shall not permit, before the close of the three year period following such foreclosure, (i) the eviction or termination of tenancy of a tenant without cause, or (ii) any increase in the gross rent of any such units not otherwise permitted by Section 42 of the Code.

CERTAIN BONDHOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below.

Limited Security; Investment of Funds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture. The Bonds will not be secured by a mortgage or other security interest in the Project.

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

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture, together with investment earnings thereon and, with respect to the Series J Bonds, following the MBS Delivery Date, from payments on the MBS. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited into the Bond Proceeds Fund. The Trustee is required to invest amounts held in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund in Eligible Investments, as defined in the Indenture. See APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

The Borrower will covenant and agree, pursuant to the Regulatory Agreement, to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. [In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located.] The Borrower's failure to comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds.

Furthermore, the Borrower's failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law. In such event, a Bondholder could exercise its option to exchange its Series J Bond for the MBS as described above under the heading "Optional Exchange of Series J Bonds for MBS," but will have lost the value of the tax-exemption.

Payments on Series J Bonds Prior to MBS Delivery Date

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

Mandatory Redemption of Bonds Prior to Maturity

Pursuant to the Indenture, under certain circumstances, the Bonds may be subject to mandatory redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein.

Failure to Satisfy Conditions to Conversion

The Borrower is required to satisfy, prior to the Termination Date, the Conditions to Conversion set forth in the Permanent Lender Commitment. If the Borrower fails to satisfy the Conditions to Conversion or if Fannie Mae is otherwise unable to deliver the MBS, the MBS will not be delivered, resulting in the mandatory redemption of the Bonds pursuant to the Indenture. See "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein.

Eligible Investments

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

Rating Based on Eligible Investments and MBS

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

After the MBS Delivery Date with respect to the Series J Bonds, the rating on the Series J Bonds is based on the credit rating of Fannie Mae. If any event occurs that causes an adverse change to the credit rating of Fannie Mae, such a change may result in a downgrade or withdrawal of the rating on the Series J Bonds.

Acceleration; Rescission of Acceleration.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the holders of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, premium, if any, and the interest accrued thereon immediately due and payable, and such principal, premium, if any, and interest shall thereupon become and be immediately due and payable. Such an Event of Default shall not give rise to an acceleration pursuant to the Indenture, provided, however, that following such an Event of Default, the holder of one-hundred percent (100%) of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the MBS promptly following (i) delivery to the Trustee (via DWAC withdrawal) of the Bonds being exchanged, and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) with respect to such Bonds. Such MBS will be in book-entry form. Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. Upon receipt of such Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged, which will not be reissued. MBSs delivered in such an exchange will not be exchangeable for Bonds. Once the Bonds are fully discharged and/or exchanged for the MBS, the Trustee will not have any remaining duties with respect thereto.

The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning MBSs that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations.

Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of Series J Bonds should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower, the Investor Limited Partner or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and

all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding anything herein to the contrary, so long as Borrower shall have made all payments then required on the Bond Loan Notes (as defined in the Indenture) and the Mortgage Note or otherwise required pursuant to the Construction Loan Documents and the Permanent Loan Documents, Borrower shall have no obligation to pay any amounts with respect to the Bonds or the MBS.

Series J Bonds – Repayment of Permanent Loan

The ability of the Borrower to pay the Permanent Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Permanent Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. The Borrower intends to rent all of the units in the Project to persons or families of low and very low income and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Borrower to make payments when due under the Permanent Loan will result in an event of default under the Permanent Loan and the Financing Agreement and may result in a mandatory prepayment of all or a portion of the Series J Bonds. The Permanent Loan will not be accelerated unless directed by Fannie Mae in its sole discretion in which case the Series J Bonds will remain outstanding and will remain secured by the MBS guaranteed as to timely payment of principal and interest by Fannie Mae. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Permanent Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Permanent Lender any of their respective assets, other than the Project and its rents, profits and proceeds.

Series J Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, following the MBS Delivery Date, the Series J Bonds are pass-through securities designed to pass through to registered owners of the Series J Bonds principal and interest payments on the MBS one Business Day after receipt by the Trustee of such payments on the MBS. Interest payments on the Series J Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the MBS, which payments on the MBS shall be the 25th day of each month, or the next Business Day if the 25th is not a Business Day.

Although interest accrues on the MBS during a calendar month, the Trustee will not receive such payment on the MBS until the 25th day in the following calendar month, or the next succeeding Business Day if such day is not a Business Day. In addition, the Series J Bonds mature on the Bond Maturity Date; however, the final principal payment on the MBS will occur on the 25th day of the month in which the Bond Maturity Date occurs (or the succeeding Business Day if such day is not a Business Day) and such payment will be passed through to Bondholders on the following Business Day after receipt by the Trustee. Because of these delays, the effective yield on the Series J Bonds will be lower than the Pass-Through Rate on the MBS and the stated interest rate on the Series J Bonds.

Series J Bonds – Pass-Through Certificate

If the MBS is issued by Fannie Mae and acquired by the Trustee as collateral for the Series J Bonds, Fannie Mae's obligations will be solely as provided in the MBS and in the Fannie Mae MBS Prospectus and the related form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the MBS will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Series J Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Series J Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America. See "APPENDIX A" hereto.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the MBS, if issued, that the financial resources of the Borrower will be the only source of payment on the Series J Bonds. There can be no assurance that the financial resources of the Borrower will be sufficient to pay the principal of, premium if any, and interest on the Series J Bonds in the event the Trustee is forced to seek recourse against the Borrower.

Performance of the Project and Estimated Rental Revenue Vacancies

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

Limited Liability of Issuer

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT

OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER OF, OR A LOAN OF THE CREDIT OF, OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Secondary Markets and Prices

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

Taxability of the Bonds

THE BONDS ARE NOT SUBJECT TO ACCELERATION OR REDEMPTION UPON ANY DETERMINATION OF TAXABILITY OF INTEREST ON THE BONDS. IN ADDITION, THE RATE OF INTEREST ON THE BONDS IS NOT SUBJECT TO ADJUSTMENT BY REASON OF THE INTEREST ON THE BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION. Such event could occur if the Borrower (or any subsequent owner of the Project) or other parties to the transaction do not comply with the provisions of the Regulatory Agreement, certain other tax-related agreements executed in connection with the Bonds, and the Financing Agreement, or if the transaction is deemed not to comply with requirements of the Code in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes. Under such circumstances, interest on the Bonds might become subject to federal income taxation retroactive to the date of issuance or some other subsequent date. See "APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" and "TAX MATTERS" herein.

Future Legislation; IRS Audit

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

In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on tax-exempt bonds is subject to federal income taxation possibly retroactively to the date of issuance of the Bonds. Such event could occur for a variety of reasons, including,

without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith, and certain other matters. See “TAX MATTERS” herein and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” hereto.

TAX MATTERS

Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Norton Rose Fulbright US LLP., San Francisco, California,, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel, whose opinion will be available at the time of delivery of the Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as APPENDIX H.

[To come from Co-Bond Counsel.]

UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed to purchase the Bonds from the Issuer at a price of \$84,840,000* (100%) of the principal amount thereof. The Underwriter will be paid an aggregate fee of \$_____ for underwriting the Bonds, inclusive of expenses, except for the fees and expenses of its counsel. The Bond Purchase Agreement provides that the obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions and the approval of certain legal matters by counsel.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

The initial public offering prices of the Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering price stated on the inside cover of this Official Statement.

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

* Preliminary, subject to change.

In addition to serving as Underwriter, RBC Capital Markets, LLC will also serve as Remarketing Agent in the event the Series K Bonds are remarketed and will receive a fee for its services in connection with such remarketing, if any.

RATING

The Bonds have been assigned a rating of “___” by S&P Global Ratings (“S&P,” and in its capacity as rating agency for the Bonds, the “Rating Agency”). The rating could be adversely affected by an adverse credit action related to the United States of America or, with respect to the Series J Bonds, Fannie Mae. No assurance can be given that the rating of the United States of America, Fannie Mae or the rating on the Bonds will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by S&P, if in the judgment of the Rating Agency circumstances so warrant. Any such downward revision or withdrawal of the rating of the United States of America may have an adverse effect on the market price of the Bonds.

The rating assigned to the Bonds described above reflects only the view of the Rating Agency, and an explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, 38th Floor, New York, New York 10041-0003.

The Issuer has not assumed any responsibility either to notify the owners of any proposed change in, suspension or withdrawal of such rating subsequent to the date of this Official Statement, and the Borrower has such responsibility only in connection with the reporting of events as provided in the Continuing Disclosure Agreement (hereafter defined). Neither of them has any responsibility to contest any such revision, suspension or withdrawal.

CERTAIN LEGAL MATTERS

Norton Rose Fulbright US LLP and Curls Bartling P.C. whose legal services as Co-Bond Counsel have been retained by the Issuer, will opine on the date of issuance of the Bonds with regard to the exclusion from gross income of interest on the Bonds. See “TAX MATTERS” herein. The proposed text of the legal opinion is set forth in APPENDIX H. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery of the Bonds. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified.

Certain legal matters will be passed upon for the Borrower by its counsel, Gubb & Barshay, LLP, Oakland, California, for the Issuer by the City Attorney and Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel, and for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, DC.

Fees and expenses of certain of the above-mentioned counsel are contingent upon issuance of the Bonds.

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

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

NO LITIGATION

The Borrower

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body for which service of process has been effected on the Borrower or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower, or to its knowledge, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the existence of the Borrower, the Borrower's financial condition or operations, the transactions contemplated by this Official Statement, the exclusion of interest on the Bonds from the gross income, for federal income tax purposes, of the owners of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Financing Agreement, the Bond Loan Notes, or any other agreement or instrument to which the Borrower is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

The Issuer

It is one of the several conditions to the Underwriter's obligation to accept the Bonds at closing that the Issuer deliver a certificate stating among other things that, to the best knowledge of the Issuer, there is no proceeding pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, the pledge or application of any money or securities provided for the payment of the Bonds or the existence or powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds or such pledge or application of money and securities.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Issuer will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure to Owners of the Bonds as described below, and the Issuer shall have no liability to the Owners or any other person with respect to such disclosure. The Borrower will enter into a Continuing Disclosure Agreement dated as of December 1, 2019 (the "Continuing Disclosure Agreement") with the [Trustee], acting as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to the Municipal Securities Rulemaking Board annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, of certain enumerated events for the benefit of the beneficial owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). The Issuer will have no liability to the Holders of the Bonds or any other person with respect to the Rule. See "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

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

secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower is a new entity and has not previously entered into undertakings requiring continuing disclosure under the Rule.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Issuer and the Owners of the Bonds upon an Event of Default under the Financing Agreement, the Regulatory Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, including specifically the Federal Bankruptcy Code, the remedies provided for under the Federal Bankruptcy Code, the Financing Agreement, the Regulatory Agreement or the Indenture may not be readily available or may be limited.

In addition, the Financing Agreement provides that the payment obligations of the Borrower contained therein (other than certain obligations to the Issuer and the Trustee) will be limited obligations payable solely from the income and assets of the Borrower, and that no member of the Borrower will have any personal liability for the satisfaction of any payment obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

MUNICIPAL ADVISOR

The Issuer has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor (the "Municipal Advisor") to the Issuer in connection with the preparation of the Issuer's plan of financing and with respect to the authorization and issuance of the Bonds. Although the Municipal Advisor assisted in the preparation of this Official Statement, the Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the Owners of any Bonds.

The Issuer has not approved any information in this Official Statement except information relating to the Issuer under the captions "THE ISSUER" and "NO LITIGATION - The Issuer" and takes no responsibility for any other information contained in this Official Statement.

[Signature Page to Official Statement – Eastern Park Apartments]

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

APPENDIX A

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

APPENDIX A

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

[To be reviewed.]

This summary of the Fannie Mae Mortgage-Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae or the Issuer, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the "Fannie Mae MBS Prospectus") which will be available if and when the MBS is issued. The template for the Fannie Mae MBS Prospectus, as of the date of this Official Statement, can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-050119.pdf>. If the Fannie Mae MBS were issued on the date of this Official Statement, the Fannie Mae MBS Prospectus would consist of the template for Fannie Mae MBS Prospectus with the cover page completed with the MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this APPENDIX A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as APPENDIX G, assuming that the Permanent Loan is originated in the maximum amount of the Permanent Lender Commitment without any modification or amendment to any of the conditions to the origination of the Permanent Loan in the Permanent Lender Commitment. **THERE CAN BE NO ASSURANCE, GUARANTEE OR REPRESENTATION, HOWEVER, AS TO THE FORM OF THE FANNIE MAE MBS OR THE CONTENTS OF THE FANNIE MAE PROSPECTUS OR EVEN WHETHER OR NOT A PROSPECTUS OR ANY DISCLOSURE RELATING TO THE FANNIE MAE MBS WILL BE PROVIDED IF AND WHEN THE FANNIE MAE MBS IS ISSUED, WHICH COULD BE THIRTY (30) MONTHS OR MORE FROM THE DATE OF THIS OFFICIAL STATEMENT. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE ORIGINATION OF THE PERMANENT LOAN AND THE ISSUANCE OF THE FANNIE MAE MBS, ARE SUBJECT TO SIGNIFICANT CONDITIONS RELATING TO THE CONSTRUCTION, FINANCING AND LEASING OF THE PROJECT BY NO LATER THAN THE TERMINATION DATE.**

General..... Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name "Federal National Mortgage Association" to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see "FANNIE MAE — Regulation and Conservatorship" in the Fannie Mae MBS Prospectus.

Fannie Mae’s regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development (“HUD”), the Securities and Exchange Commission (the “SEC”), and the U.S. Department of the Treasury (the “Treasury”). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae’s safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The MBS if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the MBS will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of MBS	The MBS if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Permanent Loan. See “THE PERMANENT LOAN AND THE MBS” in the Official Statement. Fannie Mae will issue the MBS in book-entry form on the book-entry system of the U.S. Federal Reserve Banks.
Relationship of Series J Bonds, MBS and Permanent Loan	The payment and other obligations of the Issuer with respect to the Series J Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the MBS, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.
Distribution Date.....	The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the MBS, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the MBS will occur in the month following the month in which the MBS is issued. For example, if the issue date is January 1 st , the first distribution date is February 25 th or, if February 25 th is not a Business Day, the first Business Day following February 25 th .

Interest..... On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month’s interest at the “Pass-Through Rate”. Interest on the MBS shall be calculated on an “Actual/360” basis. “Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the MBS by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Permanent Loan while it remains in the trust.

As described under the caption “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**” *which can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-050119.pdf>*, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excludable from gross income for federal income tax purposes and excludable from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Series J Bonds. See “TAX MATTERS” in the Official Statement.

Principal..... Fannie Mae will receive collections on the Permanent Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Permanent Loan in the pool during the related due period; and
- the aggregate amount of the unscheduled principal payments specified below:
 - the stated principal balance of the Permanent Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;

- the stated principal balance of the Permanent Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and
- the amount of any partial prepayments on the Permanent Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure taken with respect to, or other loan modification made to, the Permanent Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Permanent Loan in full is actually received on the first Business Day of September, it would be treated as if it had been received on the last Business Day of August and, therefore, would be passed through on September 25 (or the next Business Day, if September 25 is not a Business Day).

The Permanent Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Permanent Loan will cause a change in the rate at which principal is passed through to holders of the MBS.

Monthly Pool Factors..... On or about the fourth Business Day of each month, Fannie Mae publishes the monthly pool factor for each issuance of its certificates. If an investor multiplies the monthly pool factor by the original principal balance of the MBS, the investor will obtain the current principal balance of the MBS, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae’s PoolTalk application on Fannie Mae’s website at <http://www.fanniemae.com> and can be accessed through DUS Disclose.

Guaranty..... Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the MBS in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above; and
- an amount equal to one month’s interest on the MBS, as described in “—Interest” above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae’s guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights Upon a Guarantor Event of Default**” in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae’s guaranty on the MBS. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, may have the right to repudiate Fannie Mae’s guaranty on the MBS. See “**RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors**” in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and the Treasury, see “**FANNIE MAE—Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement**” in the Fannie Mae MBS Prospectus.

Optional Prepayment
Premium.....

The Permanent Loan provides for payment of a prepayment premium on the Permanent Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Permanent Loan prior to the [fifteenth (15th)] year after the MBS is issued. See “APPENDIX G – TERM SHEET” herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the MBS would receive a portion of that payment, as further described in the MBS Prospectus Supplement under “**Voluntary Prepayment of the Permanent Loan - Calculation of Total Yield Maintenance Prepayment Premiums.**” Any premium received by the Trustee may be passed through to certificateholders under the circumstances described in “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS – Maturity and Prepayment Considerations – Prepayment of a Mortgage Loan**” in the Fannie Mae MBS Prospectus. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

- Business Day..... For the MBS, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.
- Trust Agreement If issued, the MBS will be issued pursuant to the 2017 Multifamily Master Trust Agreement effective as of December 1, 2017, as supplemented by a trust issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae’s Web site: <http://www.fanniemae.com>
- Paying Agent..... An entity designated by Fannie Mae to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as Fannie Mae’s paying agent for certificates such as the MBS.
- The Permanent Loan The Permanent Loan backing the MBS is secured by a first mortgage lien, is in the original principal amount of the MBS; bears interest at a rate of ____% per annum; amortizes over a period and has a balloon maturity as set forth in the TERM SHEET attached hereto as “APPENDIX G.”

REFERENCES TO WEBSITE ADDRESSES PRESENTED IN THIS APPENDIX ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS APPENDIX OR THE OFFICIAL STATEMENT FOR ANY PURPOSE.

SCHEDULE I

FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

[To be reviewed.]

The following information supplements the information in the Fannie Mae MBS Prospectus. In the event of any inconsistency between the information provided in this Addendum and the information in the Fannie Mae MBS Prospectus, the information in this Addendum shall prevail.

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See “**The Mortgage Loans—Affordable Housing Loans**”; “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—The successful operation of a mortgaged property securing an affordable housing mortgage loan may depend upon additional factors**”; and “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property**” in the Fannie Mae MBS Prospectus for additional information.

The MBS certificates will initially serve as collateral for a tax-exempt issue of multifamily housing Series J Bonds (the “Series J Bonds”) issued by the City and County of San Francisco, California (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and [Trustee], as trustee, and will be held as collateral for the Series J Bonds. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Series J Bonds entered into at the time of the issuance of the Series J Bonds, including but not limited to the indenture authorizing the Series J Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Series J Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. If Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

[To be updated.] [The mortgaged property is an affordable property that has a non-profit entity as the sole general partner and is expected to be classified as a “home for the aged” with at least seventy-five percent (75%) of the occupants of the mortgaged property over the age of 62 years or totally and permanently disabled and have incomes less than certain statutory limits, which limits are generally consistent with limits imposed under the low income housing tax credit program administered by FHFC. [As such, the mortgaged property is expected to benefit from an abatement of property taxes pursuant to Section 196.1975, Florida Statutes], that reduces property taxes on the property based on the number of units occupied by persons who satisfy such statutory requirements, and is expected to continue to benefit from an abatement of property taxes during the term of the mortgage loan so long as there is not a change in law and the mortgaged property continues to meet the requirements for receiving the benefits of the tax abatement. See “**THE MORTGAGE LOANS—Characteristics of Multifamily Properties—Mortgage**

Loan Secured by Property Receiving Real Estate Tax Benefits” and **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgage Properties—A mortgaged property may benefit from a state or local property tax exemption or tax abatement that requires the borrower and the property to maintain compliance with specific requirements. The failure to meet those requirements may be an event of default under the mortgage loan”** in the Fannie Mae MBS Prospectus for additional information.]

In addition to the matters described above, the eligible multifamily lender originating the mortgage loan may request the disclosure of additional matters relating to the mortgage loan or, upon delivery of the mortgage loan to Fannie Mae, in Fannie’s Mae’s discretion, it may determine that matters identified in the Term Sheet attached as APPENDIX G to the Official Statement or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS certificates.

APPENDIX B
DEFINITIONS OF CERTAIN TERMS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$60,006,000*
City and County of San Francisco, California
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments)
2019 Series J

\$24,834,000*
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Eastern Park Apartments)
2019 Series K

This Continuing Disclosure Agreement, dated as of _____ (the “Continuing Disclosure Agreement”), is executed and delivered by Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) and [Dissemination Agent], as dissemination agent (the “Dissemination Agent”) for the above-captioned Bonds. The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”) between the City and County of San Francisco (the “Issuer”) and [Trustee], as trustee (the “Trustee”). Simultaneously with the issuance of the Bonds, there will be executed and delivered a Financing Agreement, dated as of the date of the Indenture (the “Financing Agreement”), by and among the Issuer, the Trustee and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower for the purpose of financing a portion of the costs of the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as Eastern Park Apartments and located in the City and County of San Francisco, California (the “Project”). Pursuant to the Indenture and the Financing Agreement, the Dissemination Agent and the Borrower covenant and agree as follows:

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

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

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

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

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

* Preliminary, subject to change.

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

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

“Financial Obligation” shall mean any (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

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

“Underwriter” means RBC Capital Markets, LLC, and its successors and assigns.

Section 3. Provision of Annual Reports. (a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on _____ 2019, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of its Annual Report.

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

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

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

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

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

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, provide to the Dissemination Agent a written notice describing the Listed Event and written direction to the Dissemination Agent to file the Borrower's notice describing the Listed Event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (ii), (vi), (vii), (viii), (x), (xiii), or (xiv) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Continuing Disclosure Agreement to determine the materiality of any of the Listed Events specified in subsection (a) of this Section 5, which obligation shall rest solely with the Borrower, or to monitor the Borrower's obligation to provide notification of the occurrence of any such Listed Events.

(c) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) Business Days after the occurrence of a Listed Event, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer and the Trustee. In addition, notice of Listed Events described in subsections (a)(viii) and (ix) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the Bondholders of the affected Bonds pursuant to the Indenture.

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

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

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

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

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of the Underwriter or the Bondholders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, will), or the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

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

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the same protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their rights, obligations, powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees) of defending against any

claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Continuing Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondholders, or any other party. The Dissemination Agent shall have no liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from the breach of this Continuing Disclosure Agreement.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Borrower. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Borrower, and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Bonds, the Project or any other matter except as expressly set out herein, provided that no provision of this Continuing Disclosure Agreement shall limit the duties, trusts, rights, powers or obligations of the Trustee under the Indenture. The fact that the Trustee has or may have any banking, fiduciary or other relationship with the Borrower or any other party in connection with the Project or otherwise, apart from the relationship created by the Indenture and this Continuing Disclosure Agreement, shall not be construed to mean that the Trustee has knowledge or notice of any event or condition relating to the Bonds or the Project except in its respective capacities under such agreements.

No provision of this Continuing Disclosure Agreement shall require or be construed to require the Borrower or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

The Annual Report may contain such disclaimer language as the Borrower may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

The Borrower hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Continuing Disclosure Agreement, in an amount to be agreed upon from time to time hereunder, and to reimburse the Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and expenses of counsel) except any such expense, disbursement or advance that may be attributable to its negligence or willful misconduct.

The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower.

No provision of this Continuing Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights of powers.

Section 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given at the addresses set forth in the Indenture. Any person

may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices of communications should be sent, effective only upon receipt.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 13. Termination of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement may be terminated by any party to this Continuing Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Continuing Disclosure Agreement; provided the termination of this Continuing Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Beneficial Owners of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Also, this Continuing Disclosure Agreement shall terminate automatically upon payment or provisions for payment of the Bonds. This Continuing Disclosure Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

[Dissemination Agent],
as Dissemination Agent

By: _____
Name _____
Title .

APPENDIX G
TERM SHEET

TERM SHEET*

This Term Sheet assumes the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the Conditions to Conversion have been satisfied and have not been waived or modified. See "Multifamily Schedule of Loan Information" herein.

\$60,006,000*
CLOSING DATE _____, 2019
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments)
2019 SERIES J

FANNIE MAE MULTIFAMILY POOL NUMBER: _____
BOND CUSIP: _____

POOL STATISTICS (AS OF CLOSING DATE)

POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE

(Information provided by Lender for this Official Statement)

TRANSACTION ID	[_____]
CUSIP	[_____]
SETTLEMENT DATE	[_____, 20__], estimated, assuming a Conversion Date on or about [_____, 1, 20__]
ISSUE DATE	[_____, 20__], estimated, assuming a Conversion Date on or about [_____, 1, 20__]
MBS FIRST PAYMENT DATE	25 th day of the month following the month of issue, or the next Business Day if such date is not a Business Day
MATURITY DATE	[July 1, 2039]
NUMBER OF LOANS	1
ISSUANCE UPB (\$)¹	\$60,006,000
WEIGHTED AVERAGE ISSUANCE UPB (\$)	\$60,006,000
WEIGHTED AVERAGE ORIGINAL LOAN TERM (MONTHS)	[__]
WEIGHTED AVERAGE AMORTIZATION TERM (MONTHS)	[__]
WEIGHTED AVERAGE REMAINING TERM TO MATURITY (MONTHS)	[__]
WEIGHTED AVERAGE ACCRUING NOTE RATE (%)	__%

* Preliminary, subject to change.

¹ Fannie Mae pool balance and issuance UPB will be determined at conversion and may be less than M-TEBS par value. If pool amount is less than M-TEBS amount, there will be a mandatory redemption of M-TEBS to match Fannie Mae pool par amount.

WEIGHTED AVERAGE PASS-THROUGH RATE (%)	__%
WEIGHTED AVERAGE ISSUANCE LTV (%)	[_]%
WEIGHTED AVERAGE UW NCF DSCR (x) ²	[_]x
POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE.	
<i>(Information provided by Lender for this Official Statement)</i>	
LOAN NUMBER	[_____]
PERCENT OF INITIAL POOL BALANCE (%)	[_]%
ORIGINAL UPB (\$)	\$60,006,000
LOAN ISSUANCE UPB (\$)³	\$60,006,000
LOAN ISSUANCE UPB / UNIT (\$)	\$_[_____]
LOAN SELLER	Bellwether Enterprise Real Estate Capital, LLC
LOAN SERVICER	Bellwether Enterprise Real Estate Capital, LLC
ISSUANCE NOTE RATE (%)	__%
PASS-THROUGH RATE (%)	__%
INTEREST TYPE	[Fixed]
INTEREST ACCRUAL METHOD	[A/360]
ORIGINAL LOAN TERM (MONTHS)	[Not Less Than 180]
REMAINING LOAN TERM (MONTHS)	[Not Less Than 180]
ORIGINAL INTEREST ONLY PERIOD	From the Conversion Date to [_____ 1, 20__]
INTEREST ONLY END DATE	[_____ 1, 20__]
AMORTIZATION TYPE	[IO, then amortizing]
ORIGINAL AMORTIZATION TERM (MONTHS)	[420]
REMAINING AMORTIZATION TERM (MONTHS)	[420]
PREPAYMENT PROVISION⁴	Yield Maintenance until [_____ __, 20__], then 1% until [_____ __, 20__], then open
PREPAYMENT PROVISION END DATE	[_____ __, 20__] (YM); [_____ __, 20__] (1%)
MONTHLY DEBT SERVICE (\$)	\$_____
MONTHLY DEBT SERVICE AMOUNT – PARTIAL IO (\$)	\$_____
NOTE DATE	[_____ __, 20__], assuming a Conversion Date of [_____ __, 20__]
FIRST PAYMENT DATE	[First of the month following the Conversion Date]

2 This is based on current underwriting projections and the appraisal as of [_____ __, 20__], assuming the property is built according to plans.

3 Fannie Mae pool balance and issuance UPB will be determined at conversion and may be less than M.TEBS par value. If pool amount is less than M.TEBS amount, there will be a mandatory redemption of M.TEBS to match Fannie Mae pool par amount.

4 Only the portion of this prepayment premium attributable to yield maintenance, if collected, may be shared with certificateholders under the circumstances described in “YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan—Prepayment Premiums” in the Fannie Mae MBS Prospectus.

MATURITY DATE	[July 1, 2039]
LOAN PURPOSE	[Unfunded Forward Commitment]
LIEN POSITION	[1]
TIER	[2]
TIER DROP ELIGIBLE (Y/N)	[Y/N]
TOTAL DEBT CURRENT UPB (\$)	\$60,006,000
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
COLLATERAL INFORMATION <i>(Information provided by Lender for this Official Statement)</i>	
PROPERTY ID	[_____]
PROPERTY NAME	Eastern Park Apartments
PROPERTY ADDRESS	711 Eddy Street
PROPERTY CITY	San Francisco
PROPERTY STATE	California
PROPERTY ZIP CODE	94109
PROPERTY COUNTY	City and County of San Francisco
METROPOLITAN STATISTICAL AREA	San Francisco – Oakland – Berkeley, CA
GENERAL PROPERTY TYPE	[Multifamily Apartments]
SPECIFIC PROPERTY TYPE	[Affordable Age-Restricted 62+]
PHASE YEAR / UNITS	[N/A]
TOTAL UNITS	202
UNIT OF MEASURE	[N/A]
PHYSICAL OCCUPANCY (%)	[N/A – New Construction]
PHYSICAL OCCUPANCY AS-OF-DATE	[N/A – New Construction]
OWNERSHIP INTEREST	[First Mortgage]
PROPERTY VALUE (\$)	[TBD – As Stabilized Value]
PROPERTY VALUE AS-OF-DATE	[TBD]
ISSUANCE LTV (%)	[_]%
ALL-IN ISSUANCE LTV (%)	[_]%
UW NCF DSCR (x) ⁵	[_]x
UW NCF DSCR (I/O)(x) ⁵	[_]x
UW NCF DSCR ALL-IN (x)	[_]x
UW NCF DEBT YIELD (%)	[_]%
UW ECONOMIC OCCUPANCY (%)	[_]%
UW EFFECTIVE GROSS INCOME (\$)	\$_[_____]
UW TOTAL OPERATING EXPENSE (\$)	\$_[_____]
UW REPLACEMENT RESERVES (\$)	\$_[_____]
UW NCF (\$) ⁵	\$_[_____]
CROSS COLLATERALIZED (Y/N)	[Y/N]

⁵ This is based on current underwriting projections and the appraisal as of [_____, 20__], assuming the property is built according to plans.

CROSS DEFAULTED (Y/N)	[Y/N]
CROSSED TRANSACTION ID & LOAN NUMBER	[_____]
TERRORISM INSURANCE (Y/N)	[Y/N]
TAX ESCROW (Y/N)	[Y/N]
AFFORDABLE HOUSING TYPE	[LIHTC]
% OF UNITS AT OR BELOW 50% AREA MEDIAN INCOME	[_]%
% OF UNITS AT OR BELOW 60% AREA MEDIAN INCOME	[_]%
% OF UNITS AT OR BELOW 80% AREA MEDIAN INCOME	[_]%
% OF UNITS WITH INCOME OR RENT RESTRICTIONS	[_]%
AGE RESTRICTED (Y/N)	[Y/N]
HAP REMAINING TERM (MONTHS)	[_____]
GREEN FINANCING TYPE	[_____]
GREEN BUILDING CERTIFICATION	[_____]
SOURCE ENERGY USE INTENSITY	[_____]
SOURCE ENERGY USE INTENSITY DATE	[_____]
ENERGY STAR® SCORE	[_____]
ENERGY STAR® SCORE DATE	[_____]
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
CRA INFORMATION	
<i>(Information provided by Borrower for this Official Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	[_]% ([_] units)
UNITS AT OR BELOW 60% OF MEDIAN INCOME	[_]% ([_] units)
UNITS WITH INCOME OR RENT RESTRICTION %	[_]% ([_] units)
AGE RESTRICTED INDICATOR	[Y/N]
TAX ABATEMENT	[Y/N]
TAX CREDIT INVESTOR	[_____] , a [_____]
REGULATORY AGREEMENTS OVERSEER	[_____]
REGULATORY AGREEMENT SET-ASIDES	[_____]

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APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL