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Terraza of Cheviot Hills

Proposed Supportive Housing Project – Change of Use with Renovation

3340 Shelby Drive
Los Angeles, California 90034
BBG File 0123115485

Prepared For

Mr. Kevin Murray
Weingart Center Association
566 San Pedro Street
Los Angeles, CA 90013

Report Date

October 16, 2023

Prepared By

BBG, Inc., Costa Mesa Office
3070 Bristol Street
Costa Mesa, CA 92626
714-415-4750

Client Manager: Mark Haskell
mhaskell@bbgres.com



October 16, 2023

Mr. Kevin Murray
Weingart Center Association
566 San Pedro Street
Los Angeles, CA 90013

Re: Appraisal of an Assisted Living Community to Multifamily Conversion
Terraza of Cheviot Hills
Proposed Permanent Supportive Housing Project– Change of Use with Renovation
3340 Shelby Drive
Los Angeles, California 90034
BBG File No. 0123115485

Dear Mr. Murray:

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have conducted the investigation necessary to form an opinion of the As Is Encumbered Hypothetical Market Value of the Leased Fee estate in the subject property, as referenced above, as of the date of inspection. The project is proposed to undergo a change of use and extensive renovation, which will result in the property operating as an affordable multifamily housing community. Therefore, we provided a Prospective Market Value of the Leased fee interest as of April 13, 2024 which represents the date of completion of the proposed renovations. At the client's request, we have provided a prospective market value upon completion and stabilization, and a hypothetical market value (as if complete and stabilized, assuming the subject is not encumbered by any affordable housing restrictions). Accordingly, the following valuation scenarios were applied.

- Hypothetical Market Value As Is Encumbered as of July 13, 2023 - Leased Fee
- Prospective Market Value As If Complete and Stabilized Encumbered as of April 13, 2024 - Leased Fee
- Hypothetical Market Value As If Complete and Stabilized Unencumbered as of April 13, 2024 – Fee Simple
- Market Value As is Based on Continued Use as Assisted Living Senior Housing as of July 13, 2023 - Fee Simple

The subject is currently improved with an assisted living center which is being converted to interim affordable supportive housing. Current improvements include 1 building with 2-stories that was constructed in 1968, with 76 rooms and 45 subterranean garage parking spaces. The As Complete improvements will consist of an affordable housing building and will feature 76 studio units with a total net rentable area of 31,525 square feet on a 1.03-acre site. Building construction is wood-frame.

The subject property is currently vested in Lindley Northridge LLC, a California limited liability company. It is under contract for \$27,300,000 where Lindley Northridge LLC is the seller and Weingart Center Association, a California nonprofit corporation is the buyer per purchase and sale contract provided by the client. The subject property has not been sold within the previous three years to the effective date of value.

The property will be participating in Project Homekey Round 3. The State of California Department of Housing and Community Development's (HCD's) Homekey Program provides funding to local public entities (and their co-applicants) to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing for people experiencing homelessness.

This report was prepared for Weingart Center Association (client) and is intended only for its specified use. The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). Only the client, their successors and/or assigns may read and rely upon the findings and conclusions of this report.

Based on our inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value As Is Encumbered	Leased Fee	July 13, 2023	\$27,450,000
Prospective Market Value As If Complete and Stabilized Encumbered	Leased Fee	April 13, 2024	\$43,500,000
Hypothetical Market Value As If Complete and Stabilized Unencumbered	Fee Simple	April 13, 2024	\$20,150,000
Market Value As is Based on Continued Use as Assisted Living Senior Housing	Fee Simple	July 13, 2023	\$27,350,000

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of market value would have required an exposure time of approximately 6 months. Furthermore, a marketing time of approximately 6 months is currently warranted for the subject property.

Note: Our opinion of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

Extraordinary Assumption(s)

The Market Value conclusion “hypothetical as if complete and stabilized” is predicated on the assumption that under project Homekey 3.0, the City of Los Angeles will subsidize the operations of the subject once completed by the amount specified later in this report.

The proposed subject property will be an affordable residential property and qualify for a real estate tax exemption, as it has a non-profit ownership. It is an assumption of this report that ownership will continue to request and be granted a real estate tax exemption over the assumed holding period estimated within this report.

The subject property will be participating in a grant program with Homekey that will subsidize the operations of the subject once completed by the amount specified later in this report

We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land or building is significantly different than that utilized within this report, the value conclusions could be impacted.

Hypothetical Condition(s)

The subject property will be subsidized by the City of Los Angeles under Project Homekey 3.0 and receive the given tax treatment. Per the requirements of the client, a hypothetical condition is employed that assumes the absence of the Homekey grant in place and, therefore, any restrictions associated with income or rent. The expressed intent of the hypothetical condition is to provide a market value of the property such that both income and expenses reflect market levels with no influence from any restrictive encumbrances. The Hypothetical Market Value is based on the premise that the proposed improvements are completed in a workmanlike manner as of the effective date. Failure to secure the necessary approvals and permits, or any other alteration of the scope for completing the proposed improvements, could drastically affect our value conclusion.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.

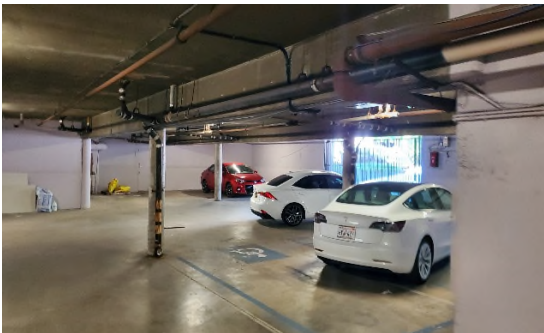
A handwritten signature in dark ink, appearing to read 'Al Khoshbin', with a long horizontal flourish extending to the right.

Al Khoshbin
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SUBJECT PROPERTY



AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	Terraza of Cheviot Hills
Address	3340 Shelby Drive Los Angeles, California 90034
Property Description	The subject is currently improved with an assisted living community. The property is proposed for renovation and conversion to an interim housing project when complete.
Parcel Number	4311-004-037
Census Tract No.	2690.00
Site Area	
Total	44,867 square feet (1.03 acres)
Zoning	R3; Multiple Dwelling Zone
Flood Status	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Year Built	1968
Year Renovated	2024 (proposed)
Type of Construction	Wood frame
Number of Buildings	1
Gross Building Area	38,143 square feet
Net Rentable Area	24,700 square feet
Total Number of Units	76
Overall Condition	Good - As Renovated
Overall Quality	Average
Overall Design/Functionality	Average

RISK SUMMARY

Advantages	"Upon Completion and Stabilization" the subject will be in good condition.
Challenges	Rising interest rates are a concern for real estate investors as it may compress returns and impact financing alternatives. Inflation remains a chief concern among investors and lenders. Should inflation not come in line with Federal Reserve targets quickly, the risk of additional prime interest rate hikes will remain elevated.

VALUE INDICATIONS			
As Is as of July 13, 2023- Encumbered			
Income Capitalization Approach			
Direct Capitalization	\$27,450,000	\$361,184	Per Dwelling Unit
Value Conclusion - As Is	\$27,450,000	\$361,184	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As Complete And Stabilized as of April 13, 2024- Encumbered			
Income Capitalization Approach			
Direct Capitalization	\$43,500,000	\$572,368	Per Dwelling Unit
Approach Reliance	Income Approach		
Value Conclusion - As Complete And Stabilized	\$43,500,000	\$572,368	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As If Complete And Stabilized as of April 13, 2024- Unencumbered			
Sales Comparison Approach	\$19,400,000	\$255,263	Per Dwelling Unit
Income Capitalization Approach			
Direct Capitalization	\$20,150,000	\$265,132	Per Dwelling Unit
Approach Reliance	Income Approach		
Value Conclusion - As If Complete And Stabilized	\$20,150,000	\$265,132	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As Is as of July 13, 2023- As Assisted Living Senior Housing			
Land Value	\$15,700,000	\$349.92	Per Site Area SF
Sales Comparison Approach	\$27,350,000	\$359,868	Per Dwelling Unit
Value Conclusion - As Is	\$27,350,000		Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		

PROPERTY HISTORY

The subject property is currently vested in Lindley Northridge LLC, a California limited liability company. It is under contract for \$27,300,000 where Lindley Northridge LLC is the seller and Weingart Center Association, a California nonprofit corporation is the buyer per purchase and sale contract provided by the client. The subject property has not been sold within the previous three years to the effective date of value.

Current Contract

Contract Date	July 20, 2023
Contract Price	\$27,300,000
per Unit	\$359,211
per SF NRA	\$5,560.08
Grantor	Lindley Northridge LLC, a California limited liability company
Grantee	Weingart Center Association, a California nonprofit corporation

Our concluded “as is” encumbered hypothetical market value is aligned with the reported contract price.

SCOPE OF WORK

APPRAISAL INFORMATION

Client	Weingart Center Association 566 San Pedro Street Los Angeles, CA 90013
Intended User(s)	Weingart Center Association
Intended Use	This appraisal is to be used for asset valuation purposes.
Premise Summary	•Hypothetical Market Value of the Leased Fee interest in the subject property, As Is Encumbered as of July 13, 2023 •Prospective Market Value of the Leased Fee interest in the subject property, As If Complete and Stabilized Encumbered as of April 13, 2024 •Hypothetical Market Value of the Fee Simple interest in the subject property, As If Complete and Stabilized Unencumbered as of April 13, 2024 •Market Value of the Fee Simple interest in the subject property, As is Based on Continued Use as an Assisted living Center as of July 13, 2023
Date of Inspection	July 13, 2023
Marketing Time	6 months
Exposure Time	6 months
Owner of Record	Lindley Northridge LLC, a California limited liability company
Highest and Best Use	
If Vacant	Multifamily development
As Improved	Renovate and convert existing improvements for interim supportive housing use as proposed

PROPERTY IDENTIFICATION

Property Name	Terraza of Cheviot Hills
Address	3340 Shelby Drive Los Angeles, California 90034
Property Description	The subject is currently improved with an assisted living community. The property is proposed for renovation and conversion to a transitional housing project when complete.
Parcel Number	4311-004-037

SCOPE OF THE INVESTIGATION

General and Market Data Analyzed

- Regional economic data and trends
- Market analysis data specific to the subject property type
- Published survey data
- Neighborhood demographic data
- Comparable sale, rental, expense, and capitalization rate data
- Floodplain status
- Zoning information
- Assessor's information
- Interviewed professionals knowledgeable about the subject's property type and market

Inspection Details

Al Khoshbin performed an interior and exterior inspection on July 13, 2023.

Property Specific Data Requested and Received

PROPERTY DATA RECEIVED

Tax Bill
 Sale contract
 Estimated renovation costs
 Construction timeline
 Plans and spec
 Proforma
 Title report
 Summary of planned renovation
 Reimbursement Contract with LAHSA

Data Requested, but not Provided

DATA REQUESTED, BUT NOT PROVIDED

Planned Market Rents - Unit Sizes
 Floor plans
 HOA documents
 Phase 1 ESA
 LURA
 Tax Exemption Certificate

Data Sources

DATA SOURCES

Site Size	Los Angeles County Assessor
Building Size	Unit Mix Provided
Tax Data	Los Angeles County Treasurer-Tax Collector
Zoning Information	City of Los Angeles Zoning Department
Flood Status	FEMA
Demographics Reports	Claritas
Comparable Improved Sales	Costar, Local Brokers, BBG Database
Comparable Improved Rents	Leasing Reps, BBG Database

VALUATION METHODOLOGY

Most Probable Purchaser	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property. The most probable purchaser of the subject "As Is" is an investor and/or affordable multifamily operator as there are no maximally superior uses
Valuation Methods Utilized	This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. We have also provided a Land Value at the request of the client.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

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Extraordinary Assumption(s)	The Market Value conclusion "hypothetical as if complete and stabilized" is predicated on the assumption that under project Homekey 3.0, the City of Los Angeles will subsidize the operations of the subject once completed by the amount specified later in this report. The proposed subject property will be an affordable residential property and qualify for a real estate tax exemption, as it has a non-profit ownership. It is an assumption of this report that ownership will continue to request and be granted a real estate tax exemption over the assumed holding period estimated within this report. The subject property will be participating in a grant program with Homekey that will subsidize the operations of the subject once completed by the amount specified later in this report We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land or building is significantly different than that utilized within this report, the value conclusions could be impacted.
Hypothetical Condition(s)	The subject property will be subsidized by the City of Los Angeles under Project Homekey 3.0 and receive the given tax treatment. Per the requirements of the client, a hypothetical condition is employed that assumes the absence of the Homekey grant in place and, therefore, any restrictions associated with income or rent. The expressed intent of the hypothetical condition is to provide a market value of the property such that both income and expenses reflect market levels with no influence from any restrictive encumbrances. The Hypothetical Market Value is based on the premise that the proposed improvements are completed in a workmanlike manner as of the effective date. Failure to secure the necessary approvals and permits, or any other alteration of the scope for completing the proposed improvements, could drastically affect our value conclusion.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

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

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

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Self-Contained Appraisal Report in prior versions of USPAP.

SIGNIFICANT APPRAISAL ASSISTANCE

Alexander Sorto is an employee of BBG, Inc. working as an appraisal assistant for Alireza Khoshbin. He is working toward a Certified General Appraiser License. Mr. Sorto works under the direct technical supervision of Alireza Khoshbin. Mr. Sorto significantly assisted with this report. He analyzed all the market and property data, including but not limited to the regional, neighborhood, market, site, improvement, and highest & best use sections. Mr. Sorto also completed the approaches to value under the guidance of the supervisory appraiser, Alireza Khoshbin. The conclusion to value is made by and the appraisal is signed by Alireza Khoshbin.

Note: Individuals unlicensed in California may not sign appraisals in federally related transactions, even if co-signed by a licensed appraiser.

^[1] (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

Environmental, Social and Governance (ESG) has become a standard criterion in the global real estate sector, excepting the United States. The European Union has adopted specific, conduct-based directives on ESG. In the US, while there has been a scattering of ESG regulations within specific markets there has been no industry wide or politically enacted regulations. Nevertheless, market participants are increasingly concerned with environmental risks, sustainable construction, carbon neutrality, social responsibilities, and governance of their companies, partners, and vendors.

Principles for Responsible Investment provides the following summary of approaches to responsible investment for direct and indirect real estate investors.

 ENVIRONMENTAL ▪ Biodiversity and habitat ▪ Climate change ▪ Land contamination ▪ Energy consumption ▪ Greenhouse gas emissions ▪ Indoor environmental quality ▪ Location and associated infrastructure ▪ Materials ▪ Pollution prevention ▪ Resilience to catastrophe/disaster ▪ Renewable energy ▪ Sustainable procurement ▪ Waste management ▪ Water consumption	 SOCIAL ▪ Community development ▪ Controversial tenants ▪ Health and well-being of occupants, contractors and the local community ▪ Human rights ▪ Accessibility ▪ Inclusion and diversity ▪ Labour standards and working conditions ▪ Social enterprise partnering ▪ Stakeholder relations ▪ Occupier amenities – showers, changing rooms	 GOVERNANCE ▪ Anti-bribery and money laundering ▪ Cybersecurity ▪ Board diversity ▪ Independence of board members ▪ Remuneration policy (including ESG-linked incentives) ▪ Data protection and privacy ▪ Legal and regulatory fines ▪ ESG clauses in contracts ▪ Asset data collection framework and/or management systems ▪ Procurement standards and requirements ▪ Tenant engagement frameworks
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Furthermore, PRI provides examples of how these issues may affect property valuations.

ADDITIONAL CAPITAL EXPENDITURES	Equipment upgrades to improve energy performance
INCREASED COSTS	Higher insurance premiums due to physical risk factors
FUTURE INCOME UNCERTAINTY	Tenant and leasing disruption due to extreme weatherevents
OBSOLESCENCE RISK	Buildings that do not meet minimum energy performancestandards set by legislation

Environmental

Both physical and transition risks must be analyzed for each property and market. Physical risks are hazards caused by changing climate such as floods, fires, rising temperatures, and rising sea levels. Transition risks involve the responses to climate change by humans and society. An example of transition risk is New York's Local Law 97 which requires most buildings over 25,000 square feet to meet energy and greenhouse gas emissions by 2024 with additional requirements in 2030. Transition risks are regulatory, economic and social changes that could affect asset values.

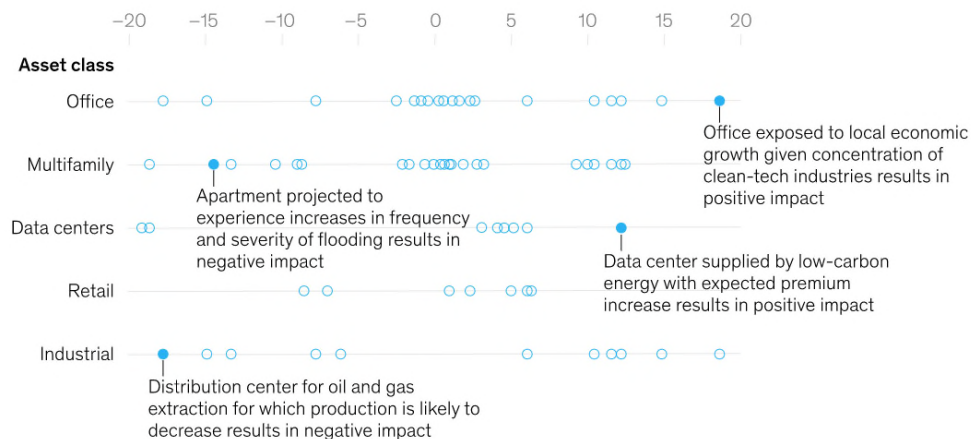
According to *Climate Risk and the Opportunity for Real Estate* by McKinsey & Company,

The combination of this economic transition and the physical risks of climate change has created a significant risk of mispricing real estate across markets and asset classes. For example, a major North American bank conducted analysis that found dozens of assets in its real-estate portfolio that would likely be exposed to significant devaluations within the next ten years due to factors including increased rates of flooding and job losses due to the climate transition. Additionally, a study of a diversified equity portfolio found that, absent mitigating actions, climate risks could reduce annual returns toward the end of the decade by as much as 40 percent. Leading real-estate players will figure out which of their assets are mispriced and in what direction and use this insight to inform their investment, asset management, and disposition choices. They will also decarbonize their assets, attracting the trillions of dollars of capital that has been committed to net zero and the thousands of tenants that have made similar commitments. They will then create new revenue sources related to the climate transition.

Building climate intelligence is central to value creation and strategic differentiation in the real-estate industry. But the reverse is also true: real estate is central to global climate change mitigation efforts. Real estate drives approximately 39 percent of total global emissions. Approximately 11 percent of these emissions are generated by manufacturing materials used in buildings (including steel and cement), while the rest is emitted from buildings themselves and by generating the energy that powers buildings. Real-estate owners and investors will need to improve their climate intelligence to understand the potential impact of revenue, operating costs, capital costs, and capitalization rate on assets. This includes developing the analytical capabilities to consistently assess both physical and transition risks. Analyses should encompass both direct effects on assets and indirect effects on the markets, systems, and societies with which assets interact.

The following chart from McKinsey& Co. shows examples of physical and transition risks, and their potential effects on value.

Illustrative chart and examples of physical and transition risk effects on equity value of assets, %



Social

According to *ESG Real Estate Insights* by Deloitte,

Recently, the “S” in ESG has received growing attention as the COVID-19 pandemic put greater emphasis on the social factor. Since real estate companies have a significant social impact, they should consider the “S” as a value driver. Social aspects in real estate include, for example, participation in the rehabilitation of public spaces, affordable housing, social housing or care centers as well as ensuring security in buildings and assuring human rights. From an internal perspective, social elements may also comprise ensuring workplace safety, fostering high standards in labor practices, responsible marketing, and promoting diversity across the company. Incorporating social considerations can increase companies’ ability to attract talent – especially among millennials. The risk of neglecting social elements can lead to a lack of reputation, lost work, higher employee turnover, increased operating costs, and may threaten the ability to operate.

Governance

The “G” in ESG and how it pertains to commercial real estate is convoluted. Governance in commercial real estate has little to do with individual assets or portfolios, and more to do with how a commercial real estate company is structured, led, and how decisions are made. Governance concerns itself with how an ESG focused entity approaches risk management and longer-term planning. It may also concern itself with how individuals who manage properties make decisions to build tenant and community trust.

From a bigger picture, the “G” truly focuses on the boardroom and according to *ESG Real Estate Insights* by Deloitte,

Regarding the “G” in ESG, governance scrutiny is central to companies’ ability to continue business operations. While promoting corporate governance can present an opportunity for real estate companies in order to drive long-term value, not addressing governance considerations carries high risks – reaching from penalties and fines to a loss of reputation and market penetration.

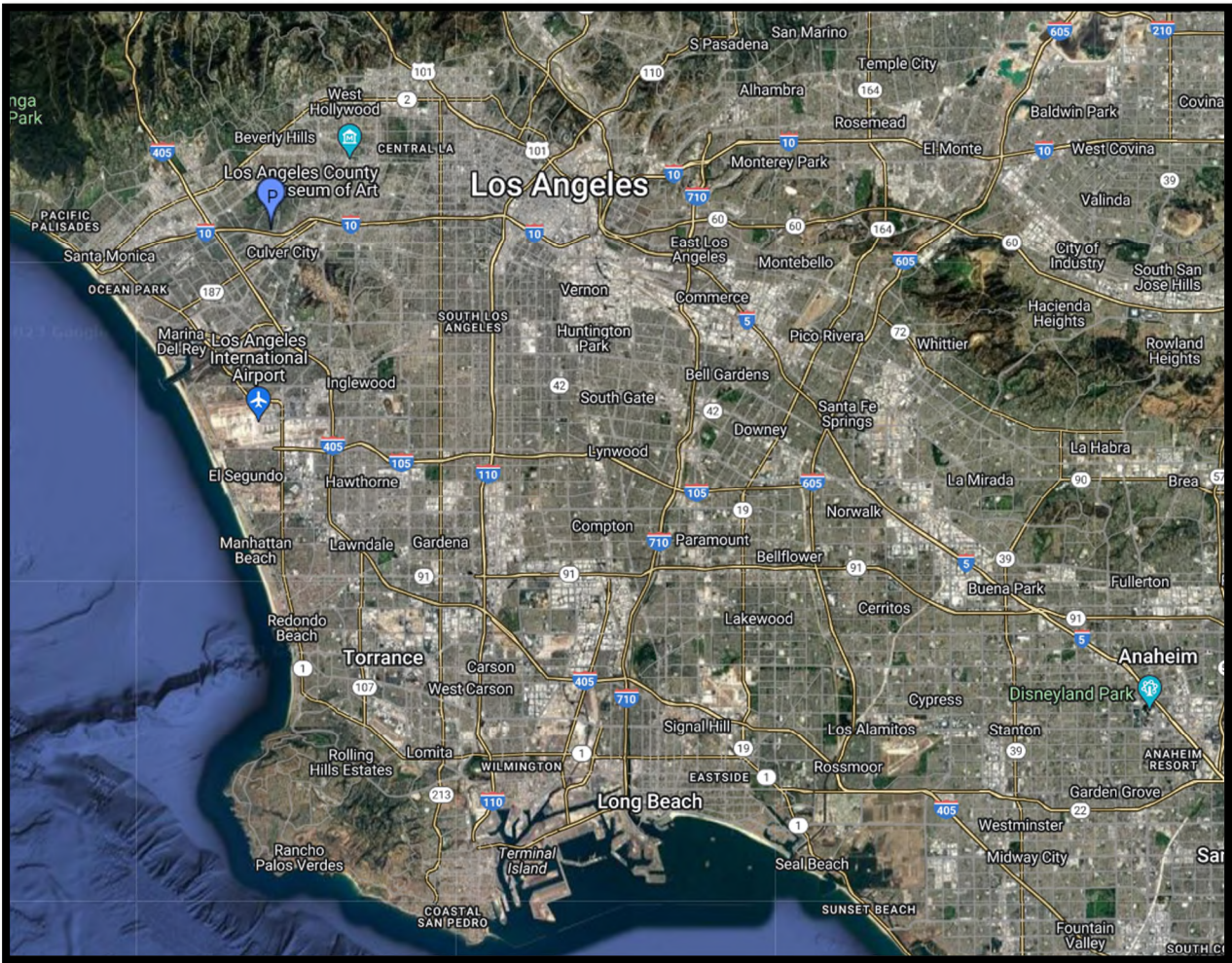
Governance elements include, among others, compliance with governance rules and guidelines, ensuring adequate and transparent remuneration, promoting transparent disclosure of governance issues, taking action against corruption, fostering diversity in management and governing bodies, as well as establishing and communicating organizational values. A corporate culture of ethics, compliance, and integrity is the foundation to create a positive long-term impact.

REGIONAL ANALYSIS

AREA OVERVIEW

The map below shows the location of the subject property within the greater regional area.

REGIONAL MAP



ECONOMIC & DEMOGRAPHIC PROFILE

The following pages are taken from Moody’s Economy.com reports which will give a view of the economic climate in the area (May 2023) near the date of value.

RECENT PERFORMANCE

Los Angeles-Long Beach-Glendale’s economy is cooling but is resilient compared with other large California economies. Healthcare and leisure/hospitality are leading job gains. Tech is backtracking but faring better than in the Bay Area. The jobless rate is edging higher, in part because of recent tech layoffs but also due to upward pressure

from modest labor force gains. Los Angeles-Long Beach-Glendale is losing fewer residents on net than in the past two years, according to Equifax, but the trend is still worse than before the pandemic.

ENTERTAINMENT

The economy will rely increasingly on healthcare to keep it moving forward in the near term. Medical services are incredibly important to Los Angeles-Long Beach-Glendale; among the country's top 25 metro areas and divisions, only Boston, New York and Philadelphia are more dependent on the industry for jobs and income. As a major medical hub, Los Angeles-Long Beach-Glendale is faring well in terms of healthcare job growth, consistent with the national trend. Pent-up demand supported the swift initial rebound, but patients from beyond Southern California are fueling solid gains, as Mount Sinai and UCLA Medical Center consistently rank among the nation's best hospitals and are prominent in medical research. Job creation will slow now that the industry has more than fully recovered and economic uncertainty has increased, but healthcare will maintain more momentum than the rest of the economy, generating an outsize share of jobs.

PORTS

Transportation/warehousing employment will outpace broader employment gains this year before giving way to a more sustainable pace. A tentative agreement between the union and port operators is poised to end worker shortages and facilitate a pickup in activity. Even before the agreement, container traffic moving through the Ports of Los Angeles and Long Beach was on the upswing after a winter lull but remains below year-ago levels. The still-hot U.S. labor market has been driving consumer demand, supporting imports as pandemic-era supply-chain bottlenecks have eased. U.S. real consumer spending grew at 3.8%, annualized, in the first quarter; this has helped drive increased imports of consumer goods. More than one-third of U.S. imports pass through the Ports of Los Angeles and Long Beach, so the metro division is well-positioned to benefit from consumer spending. However, surveys suggest consumer confidence is flagging, and real consumption growth will taper off through the rest of the year.

HOUSING

The worst of the house price correction is in the rearview mirror and Los Angeles-Long Beach-Glendale's prices will hold up better than nationally this year. Houses are still overvalued, but less so than in the past two years, due in part to Los Angeles-Long Beach-Glendale's sharper-than-average declines last year. Sales are showing signs of bottoming out and a similar story is emerging for inventories of unsold homes. However, affordability hurdles remain. Prices, despite the contraction, remain elevated and mortgage rates are prohibitively high for many, particularly first-time buyers. This will be especially problematic for the above-average share of young adults. However, demand from this key demographic remains and will put a floor under prices.

REGIONAL CONCLUSION

Los Angeles-Long Beach-Glendale's economy will slow this year, but it will retain its edge over the U.S. Healthcare and leisure/hospitality continue to lead the way. Weakness in tech and entertainment will sting but will not cripple the economy. A diverse industrial base will prove a lasting advantage, but high costs and out-migration will relegate Los Angeles-Long Beach-Glendale to just average growth in the long term.

NEIGHBORHOOD ANALYSIS

OVERVIEW

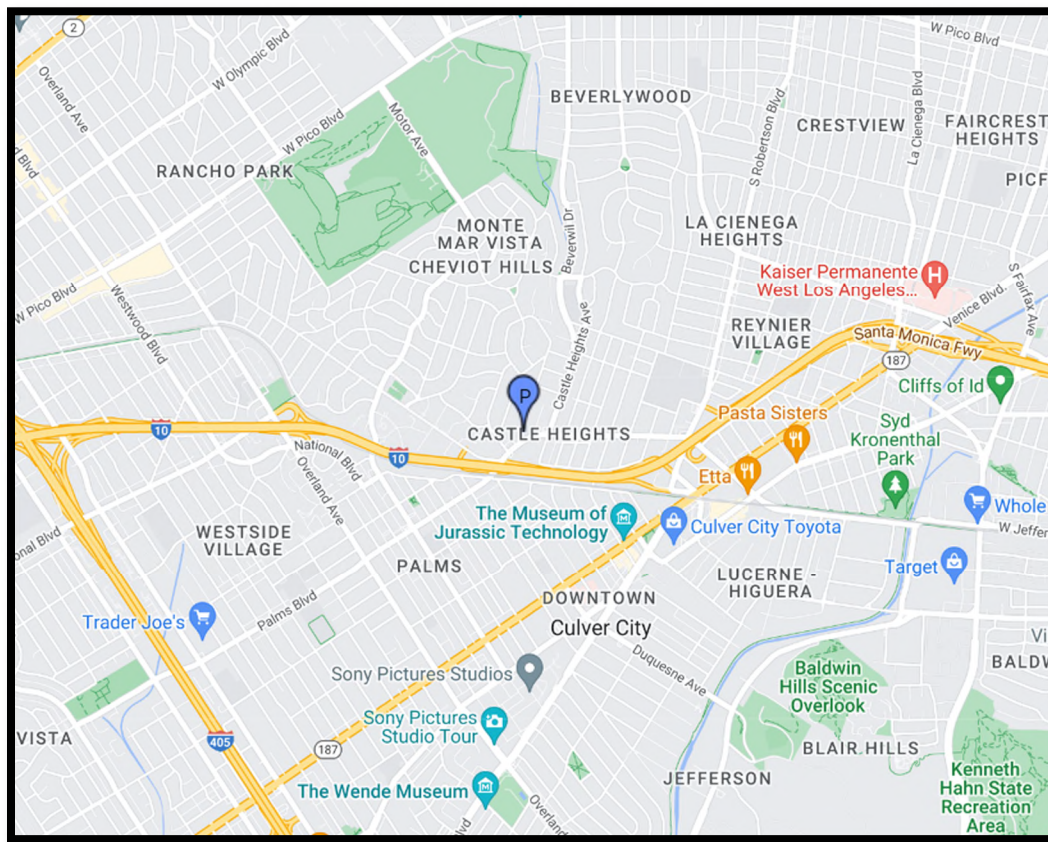
Cheviot Hills is a neighborhood situated on the Westside of Los Angeles, California. Founded in 1924, the area has become known for its role as a filming location for movies and television shows due to its convenient proximity between Sony Studios and Fox Studios. It has also long been a favored residential destination for actors, recording artists, and executives in the television and film industry.

The neighborhood is bordered by the northern limits of the Rancho Park Golf Course and the Hillcrest Country Club to the north, Patricia Avenue and Manning Avenue to the west and southwest, and Beverwil Drive and Castle Heights Avenue to the east and southeast. According to the Los Angeles Times' Mapping L.A. project, Cheviot Hills is flanked by West Los Angeles and Century City to the north, Beverlywood and Castle Heights to the east, Palms to the south, and Rancho Park to the west.

Cheviot Hills offers a mix of urban and suburban elements, providing a comfortable living environment with various amenities such as restaurants, coffee shops, and parks. It is considered one of the best places to live in California, attracting many families and individuals who appreciate the neighborhood's proximity to entertainment industry hubs and its family-friendly lifestyle.

Below is a local area map with the subject property identified.

NEIGHBORHOOD MAP



BOUNDARIES

The subject is located in the neighborhood of Cheviot Hills in the City of Los Angeles. Cheviot Hills is generally delineated as follows:

- North and Northwest: Rancho Park Golf Course and Hillcrest Country Club
- South: Manning Avenue
- East: Anchor Avenue and Club Drive
- West and Southwest: Manning Avenue

A map identifying the location of the property follows this section.

ACCESS AND LINKAGES

Located off of Interstate 10 (I-10), a major arterial freeway which traverses the City of Los Angeles, Cheviot Hills lies approximately 15 minutes west of the Santa Monica Pier and other beaches, while downtown Los Angeles is approximately a 15-30 minute drive to the east. Cheviot Hills also has easy access to the 405 Freeway, another major arterial crossing the City in a north/south direction.

While there are many options for public transportation in the City of Los Angeles, the primary mode of transportation in and around Cheviot Hills is the automobile. However, buses are available in the area. LAX is located approximately 9.9 miles south of the subject property; travel time is approximately 17-21 minutes depending upon route and traffic conditions.

LAND USE & HEALTH CARE

The subject is located along a major arterial and is located in a predominately residential area with some retail/service commercial uses. The area is suburban in character and approximately 100% developed.

The subject is proximal to two major hospitals Cedars-Sinai and Kaiser Permanente as well as numerous clinics and urgent care centers. Cedars-Sinai is an 880 bed medical facility with over \$18,000,000,000 in patient revenue for 2019 and over 276,000 patient days. This facility offers a full range of medical specialties including a Medicare certified organ transplant center. Kaiser Permanente West Los Angeles Medical Center is a 265 bed short term acute care facility offering a full range of medical specialties.

ACCESS

Primary access to the subject neighborhood is provided by I-10. I-10 is located along the southern border of Cheviot Hills, less than one (1) mile from the subject. The neighborhood has good access to other parts of the metro area.

DEMOGRAPHICS

The following summarizes the demographic data for the defined PMA and the Antelope Valley for the current year, as provided by Claritas.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA				
	3340 Shelby Drive - 1 mi.	3340 Shelby Drive - 3 mi.	3340 Shelby Drive - 5 mi.	Los Angeles-Long Beach et al, CA Metro
Description	Totals	Totals	Totals	Totals
Population				
2028 Projection	41,981	308,878	821,476	12,943,151
2023 Estimate	42,357	310,272	823,494	13,001,368
2020 Census	43,157	314,744	834,298	13,200,998
2010 Census	42,849	309,495	798,869	12,828,792
2023 Est. Median Age	38.36	41.46	40.52	38.60
2023 Est. Average Age	40.80	42.40	41.80	39.80
Households				
2028 Projection	20,391	136,216	366,414	4,463,302
2023 Estimate	20,418	135,877	364,769	4,451,946
2020 Census	20,667	136,958	367,678	4,494,733
2010 Census	20,179	134,551	352,751	4,233,962
2023 Est. Average Household Size	2.00	2.20	2.20	2.90
2023 Est. Households by Household Income (%)				
Household Income < \$15,000	5.25	7.71	8.62	7.91
Household Income \$15,000 - \$24,999	3.37	5.16	5.85	6.44
Household Income \$25,000 - \$34,999	5.20	5.43	5.46	6.30
Household Income \$35,000 - \$49,999	8.06	8.06	8.56	9.46
Household Income \$50,000 - \$74,999	13.75	13.26	12.53	14.29
Household Income \$75,000 - \$99,999	14.14	11.65	10.98	12.05
Household Income \$100,000 - \$124,999	11.66	9.68	9.28	10.05
Household Income \$125,000 - \$149,999	8.62	8.08	7.69	7.98
Household Income \$150,000 - \$199,999	10.93	10.37	9.92	9.53
Household Income \$200,000 - \$249,999	6.38	6.28	6.12	5.46
Household Income \$250,000 - \$499,999	7.67	8.47	8.64	6.33
Household Income \$500,000+	4.98	5.86	6.35	4.20
2023 Est. Average Household Income	\$139,899	\$141,524	\$142,184	\$123,912
2023 Est. Median Household Income	\$100,449	\$97,084	\$95,181	\$86,066
2023 Est. Tenure of Occupied Housing Units (%)				
Owner Occupied	22.35	36.63	35.06	48.65
Renter Occupied	77.65	63.38	64.94	51.35
2023 Est. Median All Owner-Occupied Housing Value	\$1,924,718	\$1,789,962	\$1,430,733	\$857,642

Source: 2023 Claritas, Inc.

CONCLUSION

The subject's neighborhood provides ample access, employment, and opportunity for well-conceived commercial real estate properties.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. The site area utilized herein is taken from Los Angeles records.

GENERAL SITE DESCRIPTION OVERVIEW

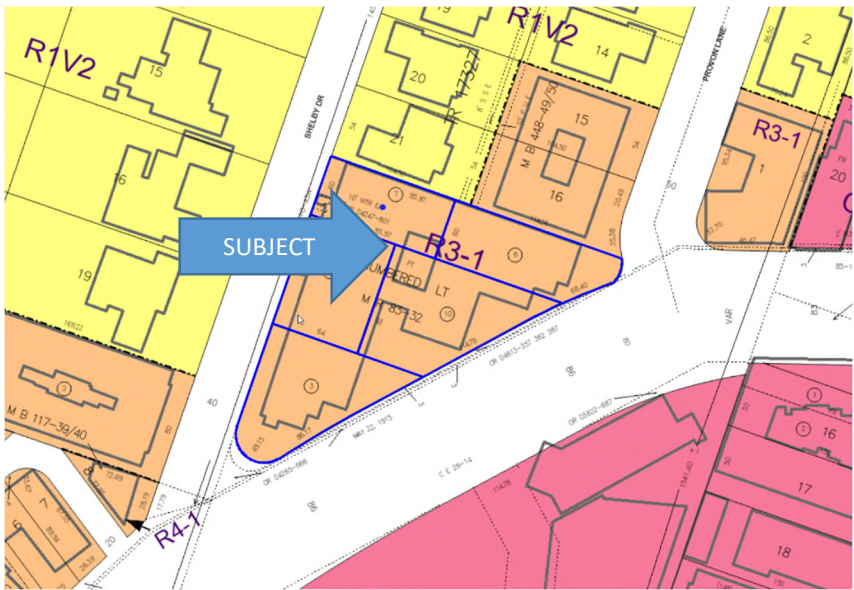
Location	3340 Shelby Drive Los Angeles, California 90034		
Parcel Number	4311-004-037		
Legal Description	A full legal description is included in the addenda		
Site Area			
Total	44,867 square feet	(1.03 acres)	
Configuration	Irregular		
Topography	Generally level		
Drainage	Appears adequate		
Utilities/Municipal Services	Typical utilities and municipal services available to site including water, sewer, natural gas, electricity, telephone and cable tv/internet.		
Floodplain	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone X (Unshaded)	06037C1595G	December 21, 2018
	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
Environmental Concerns	No unusual conditions observed. No studies were provided. Site is assumed to be free of any environmental concerns.		
Land Use Restrictions	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
Hazards Nuisances	None observed. According to the California Geological Survey, the subject is not located within an Earthquake Fault Zone or Landslide Zone, nor is it located within a Liquefaction Zone.		
Frontage	300 feet on the north side of National Boulevard and 215 feet on the east side of Shelby Drive		
Access	The site is accessible through a curb cut located on the along north side of National Boulevard and a curb cut located on the east side of Shelby Drive		
Visibility	Average/Good		
Surrounding Land Uses	North: Single Family Residences West: Single Family Residences South: Cheviot Hills Shopping Center East: Apartment Complex		
Comments	The site is considered typical of the neighborhood and has average/good visibility and average access.		

ZONING

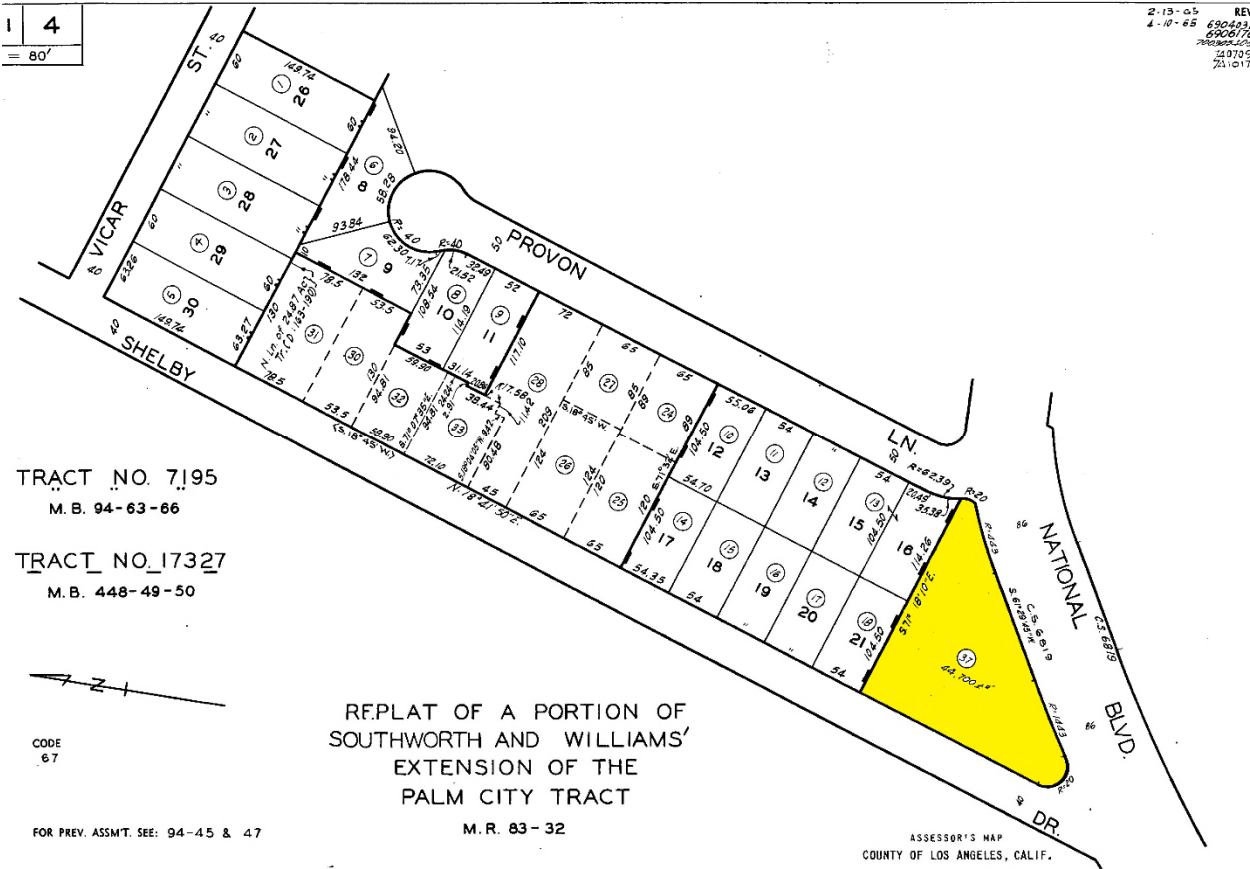
ZONING	
General	
Property Jurisdiction	The City of Los Angeles
Zoning Classification	R3
Description	Multiple Dwelling Zone
Zoning Intent/Purpose	The purpose of this article is to create a comprehensive zoning plan that consolidates and coordinates all existing zoning regulations, designating, regulating, and restricting the location and use of buildings, structures, and land for various purposes like agriculture, residence, commerce, trade, and industry. It aims to control building height, number of stories, and size, as well as determine yard size and open spaces, while also limiting population density. The article intends to divide the City into zones that best suit these regulations for effective enforcement. Additionally, the regulations aim to encourage appropriate land use, conserve property value, provide open spaces for light and air, prevent fire, avoid population concentration, reduce street congestion, facilitate community utilities and facilities, and promote health, safety, and the general welfare, all in accordance with the comprehensive plan.
Compliance Conclusion	The subject's proposed use appears to be of legal non-conforming use in this zoning district due to insufficient site size and parking spaces. However, projects that utilize Homekey funds do not need to undergo any discretionary local permit review or approval process (e.g., a discretionary use permit process). Thus, due to the subject's Homekey Grants, its proposed use is legally conforming.
Other	Notably, projects that utilize Homekey funds do not need to undergo any discretionary local permit review or approval process (e.g., a discretionary use permit process).

ZONING REQUIREMENTS	
Category	Required
Current Use:	Group dwellings, multiple dwellings, apartment ouses, child care facilities for not more than 20 children, assisted living care housing, senior independent housing
Minimum Lot Size:	62,400 (800 sf per dwelling unit)
Minimum Lot Width:	50 feet
Maximum Bldg. Height:	45 feet
Minimum Front Yard:	15'
Minimum Rear Yard:	15'
Minimum Side Yard :	5'
Minimum Parking As Multi-Family	76 covered spaces

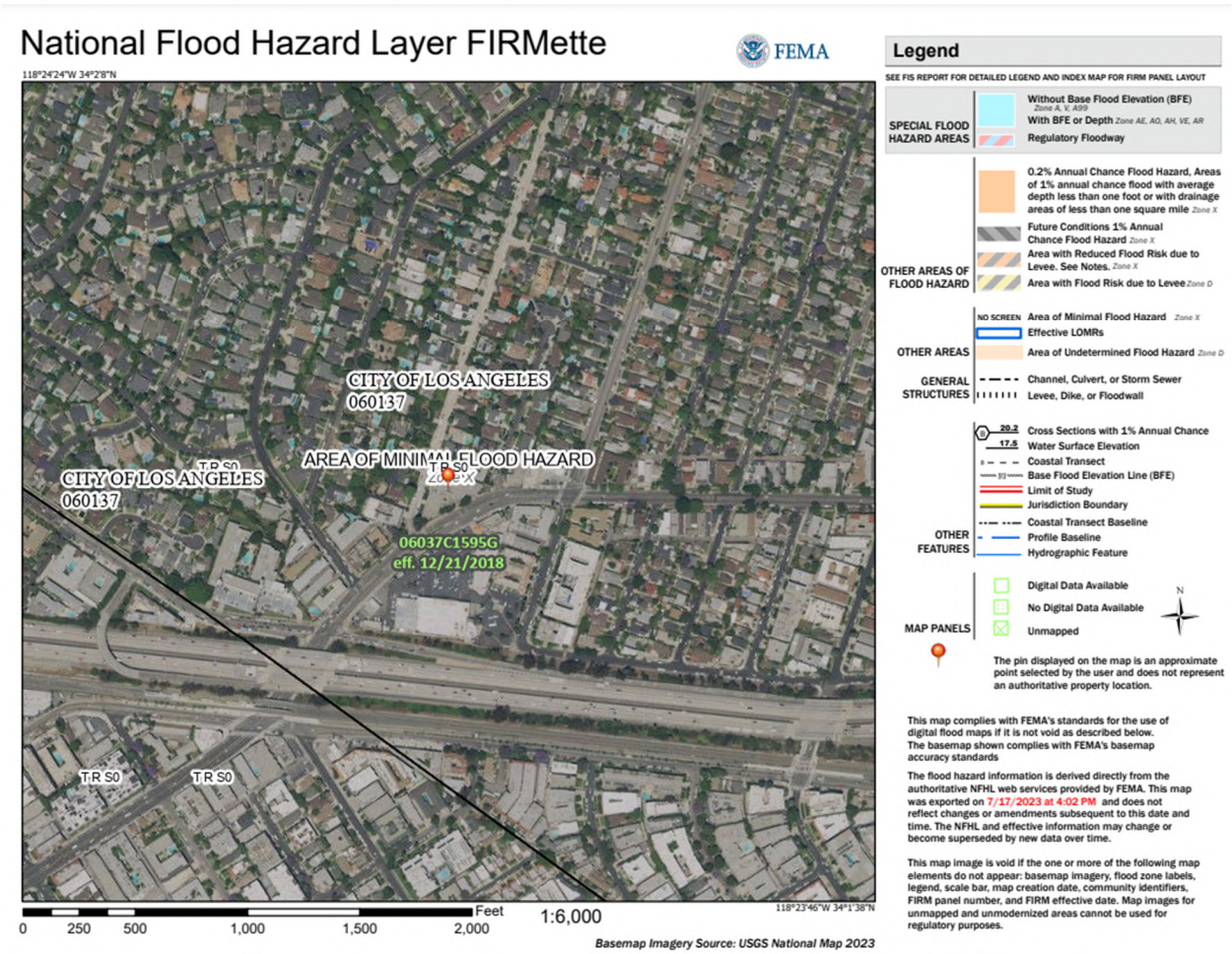
ZONING MAP



PARCEL MAP



FEMA MAP



CONCLUSION

The subject property is functional for its proposed and current use. The site is amenable to affordable multifamily housing under the state Homekey program, we understand conversion projects under this program are exempt from local CUP requirements. The development is provided ample access and utilities. Development as affordable housing will be a new use in this zoning area. No adverse conditions are known to exist regarding floodplain or environmental issue

IMPROVEMENTS DESCRIPTION

Owner will renovate the property, converting it from an assisted living community into an interim affordable supportive multifamily property. The client provided an estimate for remaining construction costs of \$11,315,290 .

The following description is based on the property as-is

GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

Address	3340 Shelby Drive Los Angeles, California 90034
Property Description	The subject is currently improved with an assisted living community. The property is proposed for renovation and conversion to a transitional housing project when complete.
Year Built	1968
Year Renovated	2024 (proposed)
Number of Buildings	1
Number of Stories	2
Total Number of Units	76
Building Construction Class	Class D
Net Rentable Area	
Total	24,700 square feet
Gross Building Area	
Total	38,143 square feet
Ingress/Egress	The site is accessible through a curb cut located on the along north side of National Boulevard and a curb cut located on the east side of Shelby Drive
Parking Ratio	0.59 spaces per dwelling unit.
ADA Compliance	The property is assumed to be fully ADA compliant.
Amenities (Unit)	Planned: new floor and wall coverings as needed, new windows and doors as needed, new bathroom fixtures such as toilet and shower as needed.
Amenities (Project)	Planned amenities upon completion: Dining Room, nursing room, kitchen, 2 recreation rooms, 3 patios, storage rooms, 2 resident services offices. Some offices and common areas will be reconfigured in order to create resident services and management offices. Security and site upgrades will be completed.

CONSTRUCTION DETAIL

General Layout	The improvements are currently an assisted living community totaling 38,143 sf in gross building area and approximately 24,700 sf in net rentable area. The subject is of class D construction built in the 1968 and has a total of 76 rooms.
Foundation	Poured concrete slab
Construction	Wood frame
Floor Structure	Reinforced concrete
Exterior Walls	Stucco
Roof Type	Flat
Roof Cover	Sealed membrane
Windows	Double-pane, vinyl
Balcony/Patios:	Shared patio common area

INTERIOR DETAIL

Walls	Drywall
Ceilings	Drywall
Floor Coverings	Ceramic tile, vinyl plank, and carpeted flooring
Doors	Wood
Lighting	Fluorescent and Incandescent
Bathroom Finish	Porcelain sink, mirror, standing shower with curtain and guard rail

MECHANICAL DETAIL

Heating	HVAC
Cooling	HVAC
Plumbing	Assumed to code and adequate
Electrical	Assumed to code and adequate
Fire Protection	Wet system

SITE IMPROVEMENTS

Parking Type	Garage
Total Parking Spaces:	45
Landscaping	A variety of trees, shrubbery and grass
Signage	Building mounted signage
Fencing	Spaced bar metal fencing along street frontage sides of property

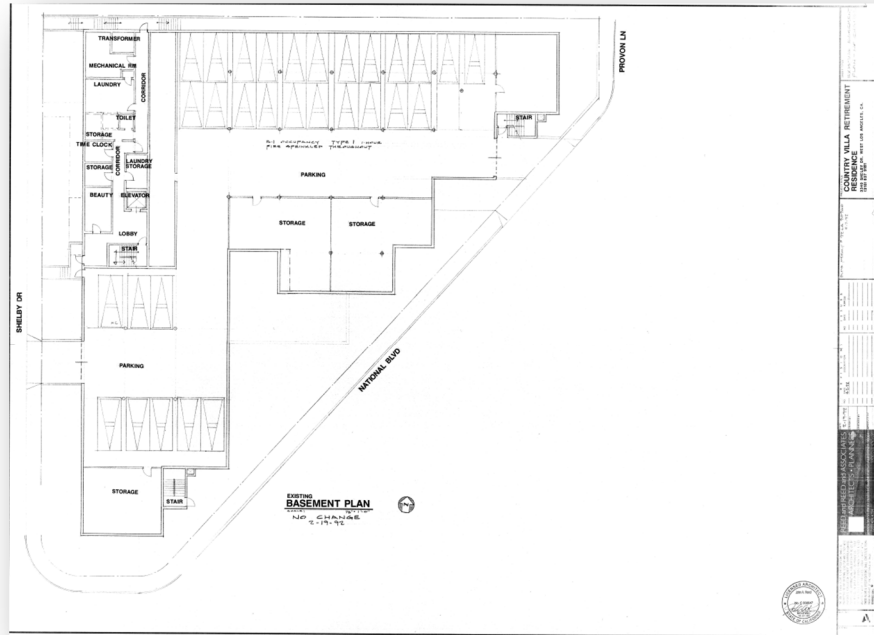
RENOVATIONS

RENOVATION/DEFERRED MAINTENANCE

Recent Renovations or Replacements	Upon acquisition, the buyer will renovate the property, converting it from an assisted living center into a interim housing project. The client provided an estimate for renovation costs of \$11,315,290 and an estimated completion date of April 13, 2024.
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The client provided us with the following specs to represent the property in finished condition

Ground Floor



First Floor



Second Floor

The table below provides the total renovation budget provided by the client

3. Development Budget		Homekey Harborage	
<i>All budget items must be completed as applicable.</i>	Total	Residential	Residential Cost/Unit
		100.00%	
Acquisition			
Total - Acquisition Costs	30,440,000	30,440,000	400,526
TOTAL DEVELOPMENT COSTS	41,755,290	41,755,290	549,412

CONCLUSION

The design and layout of the existing improvements are considered average by current market standards for a hospitality property.

The buyer's proposed capital improvements are intended to convert the existing assisted living community into studio apartments. The completed project is intended to be operated as interim affordable housing. The capital improvements will substantially extend the economic life of the building. As affordable housing, the completed subject project should maintain high occupancy rates within the market. Units will be "micro" units intended for supportive housing.

SUMMARY

Building Condition	Good - As Renovated; The subject's existing condition is rated as average. Upon completion of the proposed renovatin, the subject property is expected to be in good condition.
Building Quality	Average; The subject property is of overall average quality and offers similar amenities as other properties in the neighborhood.
Design and Functionality	Average
Actual Age	55 years
Expected Economic Life	50 years
Effective Age	20 years
Remaining Economic Life	30 years

PROPERTY TAXES AND ASSESSMENT

CALIFORNIA REAL PROPERTY TAX

The assessment ratio for improved properties in California is 100% of the market value as estimated by the county assessor. Real property is assessed annually as of January 1 for the upcoming fiscal (tax) year (July 1 through June 30). Real property tax bills are mailed in October of the tax year and are paid in two installments. The first installment is due in November of the tax year and becomes delinquent if not paid by December 10. The second installment is due in February of the following year and becomes delinquent if not paid by April 10.

Proposition 13 and Proposition 8, both approved in 1978, greatly affect real estate assessments in California. Additionally, California law was changed on July 1, 1983, to require the reassessment of property as of the first day of the month following an ownership change or the completion of new construction. In most cases, this reassessment results in one or possibly two supplemental tax bills being sent to the property owner in addition to the annual property tax bill.

PROPOSITION 13

Under Proposition 13, properties are reassessed to current market value only upon a change in ownership or completion of new construction (the base year value). Typically, new construction is any substantial addition to real property or any substantial alteration which restores a building, room, or other improvement to the equivalent of new.

In addition, Proposition 13 generally limits annual increases in the base year value of real property to no more than 2 percent, except during reassessment due to changes ownership or undergoes new construction. Under Proposition 13, similar properties can have substantially different assessed values based solely on the dates the properties were purchased. Disparities result wherever significant appreciation in property values has occurred over time. Longtime property owners, whose assessed values generally may not be increased more than 2 percent per year, tend to have markedly lower tax liability than recent purchasers, whose assessed values tend to approximate market levels.

Furthermore, Proposition 13 limited the property tax rate to 1 percent plus the rate necessary to fund local voter-approved bonded indebtedness, and limited future property tax increases.

PROPOSITION 8

Proposition 8 allows a temporary reduction in assessed value when real property suffers a decline in value, which occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date of January 1. The assessor is obligated to review the property annually and enroll the lesser of the factored base year value or market value.

The assessed value of a property with a Proposition 8 value may increase each lien date (January 1) by more than the standard 2 percent maximum allowed for properties assessed under Proposition 13; however, unless there is a change in ownership or new construction, a property's assessed value can never increase above its factored Proposition 13 base year value (after adjusting for the annual 2 percent increase).

SUBJECT'S PROPERTY ASSESSMENT & TAXES

The subject is assessed by the Los Angeles Assessor's Office under the following account number(s) 8558-027-010. The following tax projections are based on the site associated with this parcel number; this tax expense is factored into our Income Capitalization Approach later in the report.

Following is a summary of the current 2022/2023 property assessment and taxes and projected taxes upon reassessment at time of sale.

REAL ESTATE ASSESSMENT AND TAXES	
	2022-2023
Assessed Value	\$13,646,989
Taxable Value	\$13,646,989
Effective Tax Rate (per \$100)	<u>1.165520</u>
Property Taxes	\$159,058
Special Assessments	<u>\$4,268.62</u>
Total Property Taxes	\$163,327
per Unit	<u>\$2,149</u>

The definition of market value used in this report assumes a sale of the subject property. The projection includes the 2022/23 rates and special assessments. When the subject property is sold, it will be reassessed according to the County Assessor's opinion of its market value, which is typically the sale price. Our projection assumes that the subject would be reassessed at the concluded value in this report. Therefore, taxes would be calculated using the current tax rate, plus direct assessments.

EXEMPTION/ABATEMENT

The subject has historically not benefitted from any exemption or abatement. However, under the Homekey Program, the subject will be granted exemption and will only be responsible for direct/special assessments.

SPECIAL ASSESSMENTS

Special assessments (non-ad valorem fees) are added by the County Auditor-Controller for services including, but not limited to: weed removal, landscape, flood control, refuse, sewer, sidewalk repair, voter indebtedness, and lighting. Special Assessments are shown separately on the secured tax bill and are added to ad valorem taxes for total taxes billed.

For this analysis, we have assumed the subject's future direct assessments will remain similar to their 2022-2023 levels.

ASSESSED VALUE COMPARISONS

In many states, property tax analysis is properly accomplished by making comparisons with similar properties. This is generally not appropriate in California for market value appraisal purposes due to Proposition 13. Furthermore, as market value assumes a transfer, we utilized the market value opined herein for this analysis.

FUTURE REAL ESTATE TAXES

The California State Board of Equalization (BOE) and the 58 county assessors jointly administer the Welfare Exemption. The BOE determines whether the organization is eligible to receive the Welfare Exemption; and if eligible, issues an Organizational Clearance Certificate for the claimant to provide with claim forms filed in any of the 58 counties. Multifamily properties that are owned by “qualifying non-profit” entities are eligible for the exemption. The units must be leased to qualifying “low income household”, defined as a household at or below 80% AMI. LIHTC apartment owners and developers within California typically do not recognize ad valorem taxes, when developing pro-formas or making purchase decisions. Because LIHTC projects are owned by non-profit entities with restricted rents, these projects almost universally qualify for the real estate tax exemption. For a qualifying 100% exempt property, the result would be zero assessed value, which in turn would equate to a zero ad valorem tax amount. The ownership group must apply for the real estate tax exemption on an annual basis and show proof of tenancy in each unit of a qualifying “low income household”. Any unit that does not have a qualifying “low income household” tenancy will not receive the tax exemption, which is typically calculated on a prorated basis of total qualifying units to total project units.

The Real Estate tax exemption per California law can be claimed by ownership entities that are not “qualifying non-profit entities,” although the maximum tax exemption is capped at \$20,000 per year. As long as a unit is rented to a qualifying “lower income household”, defined as a household at or below 60% AMI, that unit would qualify as a tax-exempt unit. See “State of California – Board of Equalization – Property Tax Rules – Chapter1; Subchapter 2; Article 3; Rule 140 (b) (2) – Qualified Claimants”.

The subject is proposed to be owned by a qualifying non-profit entity and will be a real estate tax exempt property, which is common for subsidized projects. The subject will be responsible for direct assessments based on current special assessments. Our calculation of Year 1 real estate taxes for the subject are shown in the following table.

TAX PROJECTION - ENCUMBERED RENOVATED	
Direct Cap Conclusion	\$43,500,000
Taxable Value	\$0
Tax Rate (per \$100)	1.165520
Property Taxes	\$0
Special Assessments	\$4,269
Total Property Taxes	\$4,269
per Unit	\$56
TAX PROJECTION - UNENCUMBERED RENOVATED	
Assessed Value	\$20,100,000
Taxable Value	\$20,100,000
Tax Rate (per \$100)	1.165520
Property Taxes	\$234,270
Special Assessments	4,269
Total Property Taxes	\$238,538
per Unit	\$3,139

**TAX PROJECTION - CONTINUED ASSISTED LIVING
COMMUNITY USE**

Assessed Value	\$29,260,000
Taxable Value	\$29,260,000
Tax Rate (per \$100)	<u>1.165520</u>
Property Taxes	\$341,031
Special Assessments	<u>4,269</u>
Total Property Taxes	\$345,300
per Unit	<u>\$4,543</u>

SENIOR CARE AND HOUSING MARKET ANALYSIS

INTRODUCTION

The following definitions of the Seniors Housing Classifications were jointly developed by the American Seniors Housing Association (ASHA) and the National Investment Center (NIC).

ACTIVE ADULT COMMUNITY: For-sale single-family homes, townhomes, cluster homes and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead an independent lifestyle, and projects are not equipped to provide increased care as the individual ages. It may include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

SENIOR APARTMENT COMMUNITY: Multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents but may offer community rooms, social activities, and other amenities.

INDEPENDENT LIVING FACILITY (ILF): Age-restricted multifamily rental properties with central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, or toileting. There are no licensed skilled nursing beds in the property.

ASSISTED LIVING FACILITY (ALF): State regulated rental properties that provide the same services as independent living communities listed above, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with ADLs including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some skilled nursing beds, but most units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents in need of memory care. A property that specializes in the care of residents with memory care issues should be considered an assisted living property.

INDEPENDENT AND ASSISTED LIVING FACILITY (IALF): Single communities offering both independent and assisted living within the same building or on the same campus.

NURSING FACILITY (NF): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) wherein the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or memory care units.

CONTINUING CARE RETIREMENT COMMUNITIES (CCRCs): Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/co-op and rental programs. Most of the units are not licensed skilled nursing beds.

The following are additional terms that are used in describing and analyzing seniors housing properties:

LICENSED BEDS: The number of beds a facility is licensed to operate by the appropriate state licensing agency.

LIVING UNITS: The number of living units, consisting of one or more rooms, designed to accommodate residents of the facility.

MEDICAID: Provides health coverage for people of all ages whose incomes are low. To qualify for Medicaid, an individual, couple, or family must meet income and resource guidelines. Income includes money received each month from Social Security, employment, or other sources. Resources refer to the value of items owned such as cash and savings. Some resources, such as the family home and one car, are not counted in determining Medicaid eligibility. To qualify, individuals must be U.S. citizens, with some exceptions for certain categories of non-citizens. Medicaid pays for basic health services and for some services not covered by Medicare such as medicine, nursing home care, eye exams, glasses, transportation for medical care, and other medical services. Medicaid is funded and regulated by both federal and state governments. As a result, Medicaid rules vary from state to state.

MEDICAID WAIVER: Under Section 1915(c) of the Social Security Act, Medicaid law authorizes the Secretary of the U.S. Department of Health and Human Services to waive certain Medicaid statutory requirements. These waivers enable states to cover a broad array of home and community-based services (HCBS) for targeted populations as an alternative to institutionalization. Waiver services may be optional state plan services which either are not covered by a state or which enhance the state's coverage. Waivers may also include services not covered through the state plan such as respite care, environmental modifications, or family training. Many states have waiver programs in place to provide for assisted living care.

MEDICARE: A federal health insurance program. Passed in 1965 as Title XVIII of the Social Security Act, Medicare was intended to pay the cost of some health care services in order to ensure access to a basic level of health care for the aged and other eligible persons. Medicare will cover the first 20 days of nursing facility care and will partially pay for the next 80 days for a total benefit not to exceed 100 days. A three-day hospital stay is required to qualify for this benefit.

MEDICARE PART A: Provides payment for post-hospital care in a Medicare certified nursing home. Medicare Part A may provide payment for post-hospital care in a nursing home for up to 100 days if Medicare coverage requirements (the 5 rules) are met. A resident is entitled to full coverage for the first 20 days. From the 21st day through the 100th day, Medicare pays for all covered services except a daily co-pay amount for which the resident is responsible. That means the resident must pay the co-pay either with his or her own money or, if eligible, through Medicaid, or through private insurance (i.e. medi-gap policy). A nursing home resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing home within 30 days following a 3-day hospital stay. Medicare certified nursing homes are reimbursed for providing nursing homes stays based upon the Prospective Payment System (PPS).

MEDICARE PART B: Seniors are required to enroll in Medicare Part B. Medicare Part B pays for doctor's services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

MEDICARE PROSPECTIVE PAYMENT SYSTEM (PPS): Section 4432(a) of the Balanced Budget Act (BBA) of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. Effective with cost reporting periods beginning on or after July 1, 1998, SNFs were no longer paid on a reasonable cost basis or through low volume prospectively determined rates but based on the PPS. The PPS rates are adjusted for case mix and geographic variation in wages and covers all costs of furnishing covered SNF services (routine, ancillary, and capital-related costs). The amount of reimbursement for each resident is based upon the Resource Utilization Groups (RUG) III case mix system.

OPERATING BEDS: The number of beds a facility actually operates. This may be less than the number of licensed beds.

PRIVATE BED: A bed situated in a room with no other beds/residents.

PRIVATE PAY: Refers to a resident whose charges are funded by: personal funds, assistance from relatives or other private individuals or groups, or long term care insurance.

RESIDENT DAY: A day for which services are rendered and billable, or a day for which a bed or unit is held and billed. For example, if a resident rents and occupies a unit for a full calendar year, that resident would have occupied the bed or unit for 365 resident days.

RUG-IV: RUG IV is a 66-group model for classifying nursing home residents into homogenous groups according to common health characteristics and the amount and type of resources they use. Residents are classified based on residents' clinical conditions, extent of services used, and functional status. The groups are in seven general categories (in general order of costs associated with caring for residents): rehabilitation plus extensive services, extensive services, clinically complex, special care high, special care low, behavioral symptoms and cognitive performance and reduced physical function.

SEMI-PRIVATE BED: A bed situated in a room with one other bed/resident.

WARD BED: A bed situated in a room with two or more other nursing beds/residents.

LICENSING REQUIREMENTS

The following summarizes the regulations in the State of California.

Licensure Term:	Residential Care Facility for the Elderly
Regulatory Agency:	Department of Public Health, Division of Assisted Living
Opening Statement:	The Department of Social Services, Community Care Licensing Division (CCLD), licenses residential care facilities for the elderly (RCFEs). These facilities may also be known as assisted living facilities, retirement homes, and board and care homes.
Legislative and Regulatory Update:	In 2018, the California legislature passed AB 3098, which took effect on January 1, 2019 (unless otherwise specified) requiring all RCFEs, including facilities with continuing care contracts, to include additional elements in their facility emergency plans. Prior to AB 3098, facilities with continuing care contracts were exempt from these emergency plan requirements. See Life Safety section below for emergency and disaster plan requirements. The Legislature passed SB 1319 (2019) to prohibit unlawful discrimination by an owner, licensee, administrator, employee, or agent of an assisted living establishment of residents in assisted living establishments. The Department updated regulations in 2018 for selected provisions: Residential Care Facilities for the Elderly (RCFE) Personal Rights and Miscellaneous: California Code of Regulations (CCR), Title 22 sections 87101, 87102, 87109, 87309, 87468, 87468.1, 87468.2, 87506, 87612, 87615, and 87631; and Financial Distress in the RCFE: CCR, Title 22 section 87211.

Definition:	An RCFE is a housing arrangement chosen voluntarily by the resident, the resident's guardian, conservator or other responsible person; where 75 percent of the residents are sixty years of age or older and where varying levels of care and supervision are provided, as agreed to at time of admission or as determined necessary at subsequent times of reappraisal. Any younger residents must have needs compatible with other residents. See California Code of Regulations, Title 22 section 87101(r)(5).
Facility Scope of Care:	An RCFE provides care and supervision to its residents, including assistance with activities of daily living (ADLs), observation and reassessment, and, when appropriate, self-releasing postural supports. Residents with the following conditions or in need of the following incidental medical services may be admitted or retained as long as the applicable statutes and regulations are followed, and these procedures and services are provided by an appropriately skilled professional: administration of oxygen, catheter care, colostomy/ileostomy care, contractures, diabetes, enemas/suppositories, incontinence, injections, intermittent positive pressure breathing machines, stage 1 and 2 pressure injury, and wound care. Dementia care, hospice care, and care for residents who are bedridden may be provided if statutory and regulatory requirements are met.
Disclosure Items:	For a rate or rate structure increase, the licensee is required to provide no less than 60 days' prior written notice to the resident or the resident's representative(s) setting forth the amount of the increase, reason for the increase, and a general description of the additional costs, except for an increase in the rate due to a change in the resident's level of care. For any rate increase due to a change in the resident's level of care, the licensee shall provide the resident and the resident's representative, if any, written notice of the rate increase within two business days after initially providing services at the new level of care. The notice shall include a detailed explanation of the additional services to be provided at the new level of care and an accompanying itemization of the charges. Admission agreements also are required to include: a comprehensive description of any items and services provided under a single fee; a comprehensive description and the corresponding fee schedule of all basic services and other items and services not included in the single fee; a description of any preadmission fee (a licensee cannot require a preadmission fee from a recipient under the State Supplementary Program for the Aged, Blind and Disabled); an explanation of the use of third-party services; a comprehensive description of billing and payment procedures; conditions under which rates may be increased; policy concerning family visits and other communication with residents; refund conditions; and conditions under which the agreement may be terminated. The admission agreement shall include requirements pertaining to the involuntary transfer or eviction. An RCFE's eviction notice must contain language stating that the licensee must file an unlawful detainer action in superior court and receive a written judgment signed by a judge in order to evict a resident who remains in the facility after the effective date of a 60-day, 30-day or three-day eviction. The admission agreement must include information about the relocation assistance offered by the facility and the facility's closure plan in

order to assist residents in the event of a facility closure. Additional disclosures are required if the facility advertises or promotes specialized care, such as care of persons with dementia.

Admission and Retention Policy:

The regulations specify circumstances under which people may be accepted and retained. Residents shall not be admitted or retained if they have active communicable tuberculosis; require 24-hour skilled nursing or intermediate care; or the primary need for care and supervision results from either ongoing behavior caused by a mental disorder that would upset the general resident group or dementia, unless other requirements are met. Additionally, persons who have any of the following health conditions may not be admitted: stage 3 or 4 pressure injury, gastrostomy tubes, nasogastric tubes, staphylococcus aureus ("staph") infection or other serious infection, residents who depend on others to perform all ADLs, or tracheostomies, unless the licensee has submitted a written exception request to care for a specified condition, and the Department has approved the request. Resident Assessment: A physician's assessment must be completed no more than 120 days prior to a resident moving into any establishment. Reevaluations must be completed at least annually. There is no required form, but the assessment must include an evaluation of the individual's physical, cognitive, and psychosocial condition, and documentation of the presence or the absence of tuberculosis infection. Establishments may develop their own tools for evaluating residents. Documentation of evaluations and reevaluations may be in any form that is accurate, addresses the resident's condition, and incorporates the physician's assessment.

Square Foot Requirements:

State requirements do not specify minimum square footage requirements for individual units.

Residents Allowed per Room:

A maximum of two individuals can choose to share a unit.

Bathroom Requirements:

Private and shared toilets, bathing, and lavatory facilities are allowed. There must be at least one toilet and wash basin for each six persons, and one bathtub or shower for each 10 persons, including residents, family, and facility-dwelling staff.

Life Safety:

RCFEs must have a current written emergency and disaster plan that includes specified items. Emergency and disaster plans are required to include elements including but not limited to: contact information list of specified parties including emergency personnel; at least two appropriate shelter locations that can house residents during an evacuation; establish a process for communicating with residents, families, and others; and inform residents and responsible parties of the communication process. Licensees must also provide training on the emergency and disaster plan to each staff member upon hire and annually thereafter; review of the emergency and disaster plan annually and update as necessary; conduct a drill for various emergency situations at least once quarterly for each shift as specified; specified information readily available to staff including contact information for the responsible party and physician for each resident; and by July 1, 2019, an evacuation chair must be in each stairwell. The emergency and disaster plans must be made available, upon request, to any resident,

responsible party for a resident, local emergency responders and the local long-term care ombudsman. An applicant seeking licensure must submit the emergency and disaster plan with the initial license application.

Staffing Requirements:

All facilities shall have a qualified and currently certified administrator. An administrator, facility manager, or designated substitute who is at least 21 years of age and has adequate qualifications must be on the premise of the facility 24 hours per day. Direct care staff must be at least 18 years of age. There are no specified staffing ratios. Facility personnel must be sufficient at all times to provide the services necessary to meet resident needs. In RCFEs caring for 16 or more residents, there must be a specified number of awake night staff on duty, which is determined by the number residents being cared for at the facility. There must be at least one staff member on duty and on the premises at all times who has CPR training.

Administrator Education/Training:

RCFE administrators must complete an 80 hour Initial Certification Training Program (60 hours of which must be attended in person), and pass a written test. Statute defines Core of Knowledge topics for administrator certification [Health and Safety Code sections 1569.616 and 1569.618; and California Code of Regulations, Title 22, Section 87405]. Administrators who possess a valid Nursing Home Administrator license are exempt from completing an approved Initial Certification Training Program and taking the related written test, but must complete 12 hours of training in the following Core of Knowledge topics: 1) laws, regulations, policies and procedural standards that impact the operations of RCFEs; 2) use and misuse of medication commonly used by the elderly in a residential setting; and 3) resident admission, retention, and assessment procedures. Administrators in facilities with a capacity of 16 or more residents must also have levels of college education and experience providing care to the elderly as specified in regulations.

Staff Education/Training:

All staff must have on-the-job training or related experience in the job assigned to them. Direct care staff who assist residents with ADLs must complete 40 hours of initial training, with 20 hours completed before working independently with residents and the remaining 20 hours completed within the first 4 weeks of employment. This training includes 12 hours of training on dementia care and 4 hours of training on postural supports, restricted health conditions, and hospice care and 16 hours of hands-on training within 4 weeks of employment. Direct care staff must complete 20 hours of annual training that includes 8 hours of training on dementia care and four on postural supports, restricted health conditions, and hospice care. Staff providing direct care to residents shall receive appropriate training in first aid from persons qualified by such agencies as the American Red Cross. All trainings must be documented and retained in facility personnel files/records. Food service and activity directors in facilities with a capacity of 16 or more must have experience and education or training as specified in regulations. Each RCFE licensee shall provide training in recognizing and reporting elder and dependent adult abuse, as prescribed by the California Department of Justice. Direct care staff who are licensed or certified medical professionals are also required to receive training. [Health and Safety Code sections 1569.625,

1569.626 and 1569.696; and California Code of Regulations, Title 22, Section 87411].

Medicaid Policy and Reimbursement: Medicaid does not typically cover RCFEs, however, RCFEs may apply to be providers of Assisted Living Waiver (ALW) services to eligible beneficiaries. Eligible beneficiaries residing in skilled nursing facilities, or the community may enroll in ALW and be placed in approved RCFEs. The ALW program is currently implemented in the following counties: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, and Sonoma counties. California's ALW was renewed for five years effective March 1, 2019 by the Centers for Medicare & Medicaid Services and is overseen by the California Department of Health Care Services.

SENIOR CARE/ HOUSING INDUSTRY OUTLOOK

The following presentation and analyses detail the current state of the national seniors housing market regarding the fundamental metrics relevant to both the subject's property type, as well as the overall seniors housing market. Notably, this information was obtained through NIC MAP, a primary source for market participants within the seniors housing space. NIC MAP reports seniors housing data for 100+ metropolitan markets within the United States and is tracked and reported via "Primary" and "Secondary" metropolitan market averages, in addition to individual markets. A summary of the reported seniors housing market fundamental metrics, as of Q1 2023 is as follows:

SENIORS HOUSING KEY FUNDAMENTALS				
Care Level	Aggregate	Majority IL	Majority AL	Majority NC
Inventory (Revenue Units)	695,140	353,352	341,788	559,066
Occupancy	83.2%	85.2%	81.2%	81.3%
Annual Rent Growth	5.3%	4.8%	5.9%	4.1%
Absorption (Quarterly)	3,927	793	3,124	6,213
Inventory Growth (Quarterly)	2,114	1,016	1,098	-1,581
Construction vs. Inventory	5.1%	4.7%	5.5%	20.0%

Source: NIC MAP® Monitor Q1 2023

It should be noted, NIC MAP does not include nursing care metrics within the aggregate totals for seniors housing data.

SUPPLY TRENDS

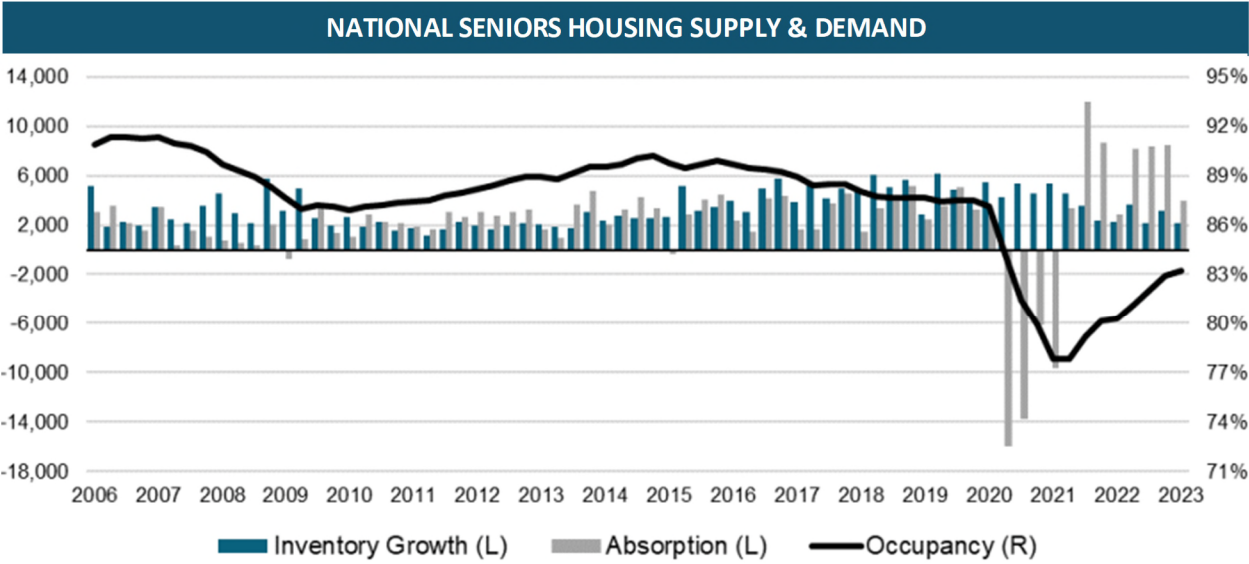
Seniors housing supply is typically expressed in terms of units or beds depending on the property type and care levels offered. A summary breakdown of the national seniors housing inventory, broken down by care level, is as follows:

SENIORS HOUSING INVENTORY BREAKDOWN								
Care Level	Aggregate	% of Tot.	Majority IL	% of Tot.	Majority AL	% of Tot.	Majority NC	% of Tot.
Property Count	5,440	--	1,512	--	3,928	--	3,987	--
Inventory (Revenue Units)	695,140	100.0%	353,352	100.0%	341,788	100.0%	559,066	100.0%
Independent Living	282,311	40.6%	261,194	73.9%	21,117	6.2%	9,323	1.7%
Assisted Living	273,292	39.3%	46,899	13.3%	226,393	66.2%	17,680	3.2%
Memory Care	101,345	14.6%	14,923	4.2%	86,422	25.3%	3,761	0.7%
Nursing Care	38,192	5.5%	30,336	8.6%	7,856	2.3%	528,302	94.5%

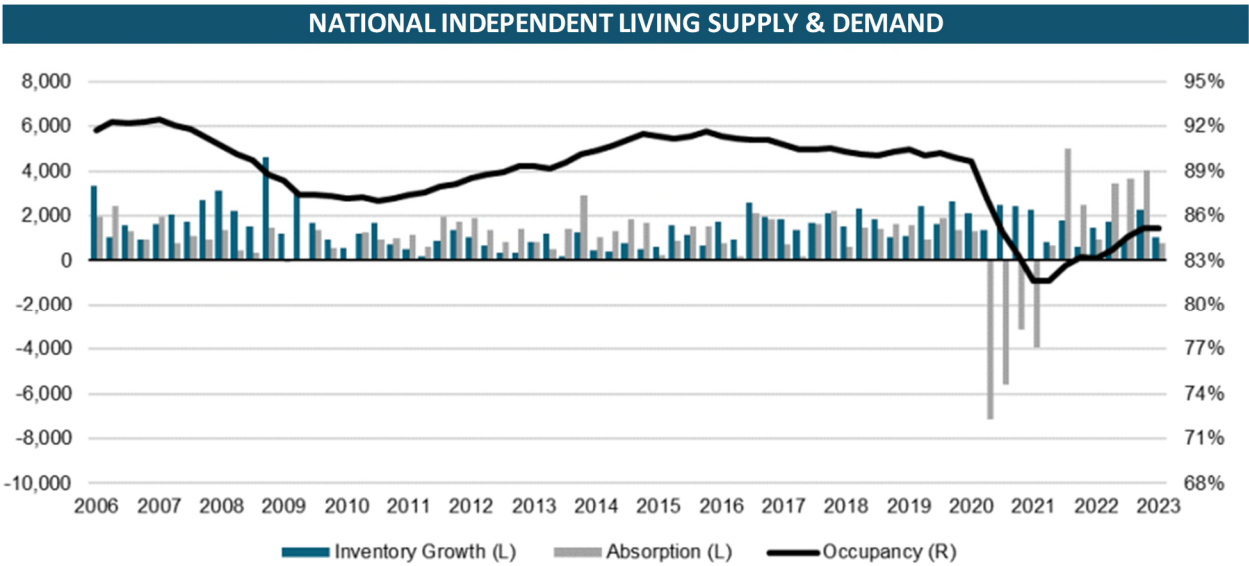
Source: NIC MAP® Monitor Q1 2023

As previously mentioned, NIC MAP does not include nursing care metrics within the aggregate totals for seniors housing data.

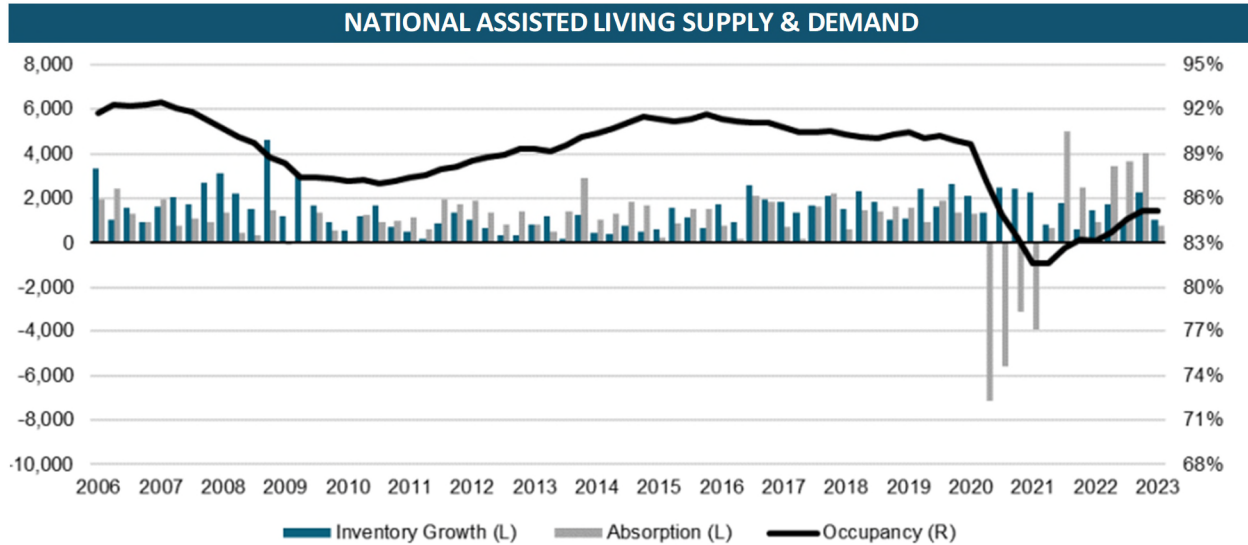
Furthermore, the supply and demand metrics within the preceding tables are graphically depicted on the following pages:



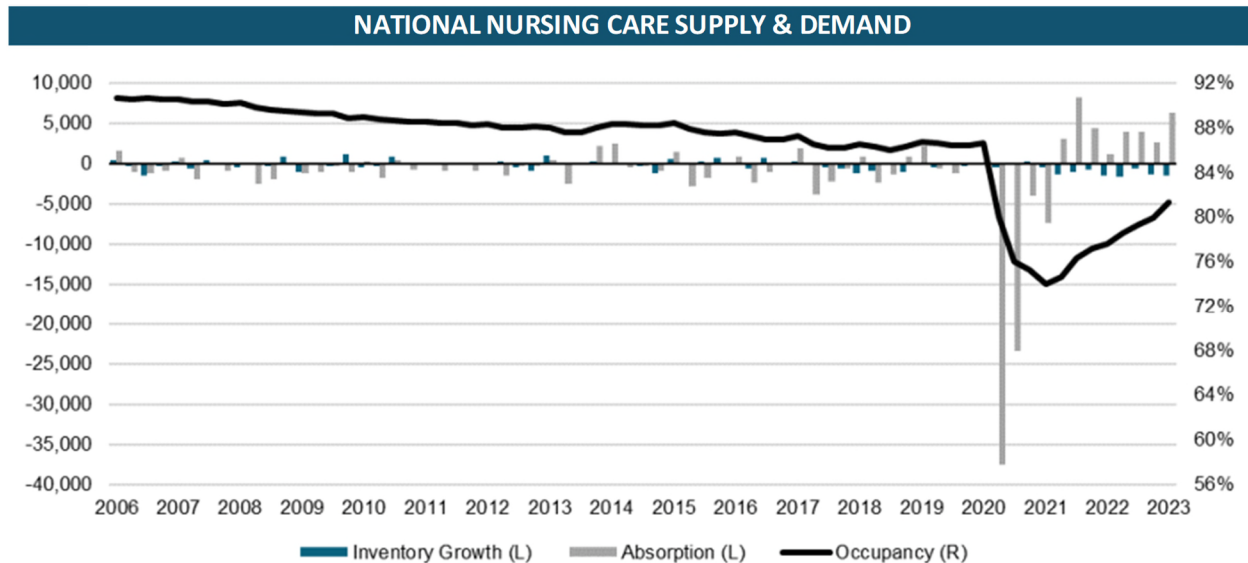
Source: NIC MAP® Monitor Q1 2023



Source: NIC MAP® Monitor Q1 2023



Source: NIC MAP® Monitor Q1 2023



Source: NIC MAP® Monitor Q1 2023

With the exception of nursing care, seniors housing uses have historically exhibited consistent inventory growth and absorption levels up until the onset of the COVID-19 pandemic. During the pandemic, inventory levels continued to rise, most likely due to projects which were already within their final planning stages and/or currently under construction, while absorption sharply decreased as the industry adapted to the new landscape. However, absorption has significantly rebounded during the first half of 2021 and throughout 2022, indicating that senior housing demand has remained resilient and still exhibits a strong level of need for the senior population. Occupancies have also rebounded and are trending back towards pre-pandemic levels.

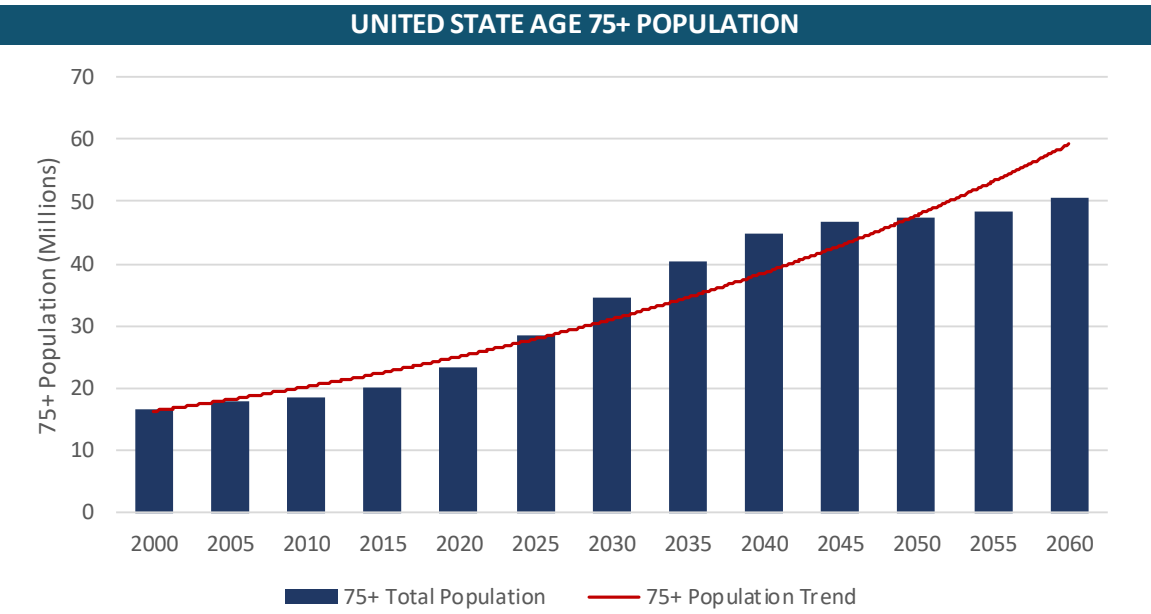
Nursing care has historically exhibited decreasing levels of inventory growth and inconsistent absorption levels, with significant decreases in absorption and occupancy during the pandemic; however, absorption and occupancies have begun to rebound during the second half of 2021 and throughout 2022. Notably, inventory decline has remained consistent throughout the pandemic and after, which could reasonably be attributed to overbuilding of nursing care units pre-1980, as exhibited further within this report.

DEMAND DRIVERS

Demand for seniors housing communities and related uses is driven by a consistent set of influences across all markets. These “demand drivers” have historically indicated the level of demand any given market is able to bear regarding seniors housing and are described in further detail as follows.

Demographics

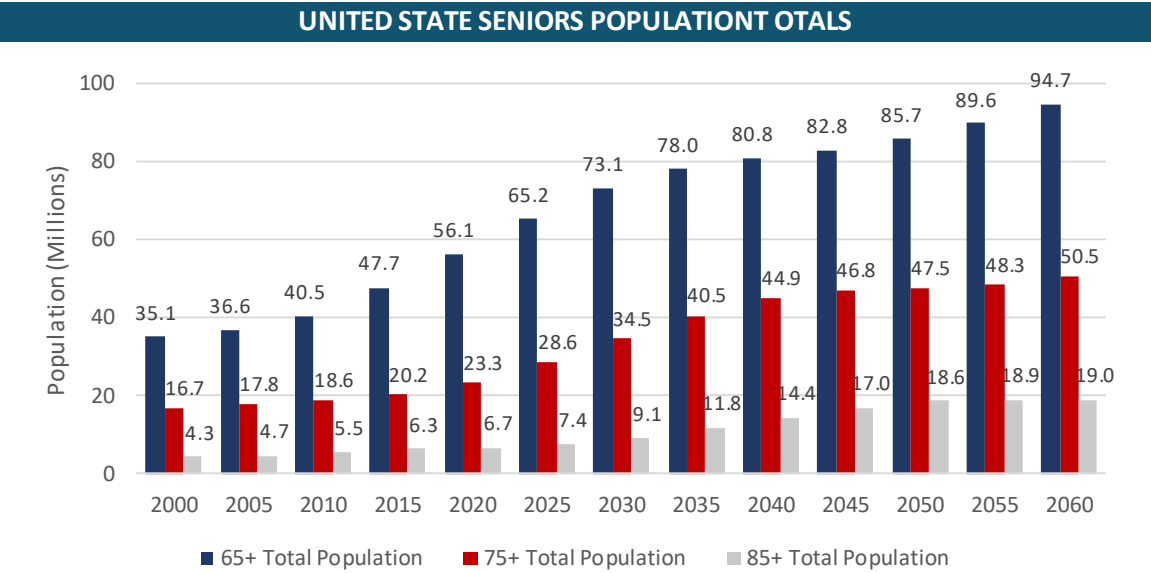
Demand for seniors housing uses is primarily driven by the 75+ age group population. Based on data tracked and reported by the U.S. Census Bureau, from 2000 to 2020, the 75+ age group exhibited an average annual increase of 1.68% and a total increase of 39.41%. The total population for the 75+ age group from 2020 to 2060 is expected to increase by an average annual amount of 1.97%, with the total population of this age group more than doubling during that time frame. Historically, the percentage of seniors in this age group increased at a consistent rate until circa 2020, after which a significant increase has been exhibited and is projected to continue until 2040, after which increases level off. The following table exhibits the 75+ population from 2000 to 2020 and beyond:



Source: U.S. Census Bureau

The significant increase in the 75+ age group, as exhibited above, can primarily be attributed to the oldest of the Baby Boomer generation entering this age group, with the remainder continuing to grow into the 75+ age group for the next 20± years. According to the U.S. Census Bureau, the Baby Boomer generation were born between 1946 and 1964, and as of 2020 will provide a population of 73± million, second only to their children, the Millennials (born between 1982 and 2000). Notably, by 2030 all Baby Boomers will be age 65 or older and will account for over 20% of the total U.S. population.

Notably, all senior age groups are expected to see significant growth over the next 40 years, indicated as follows:

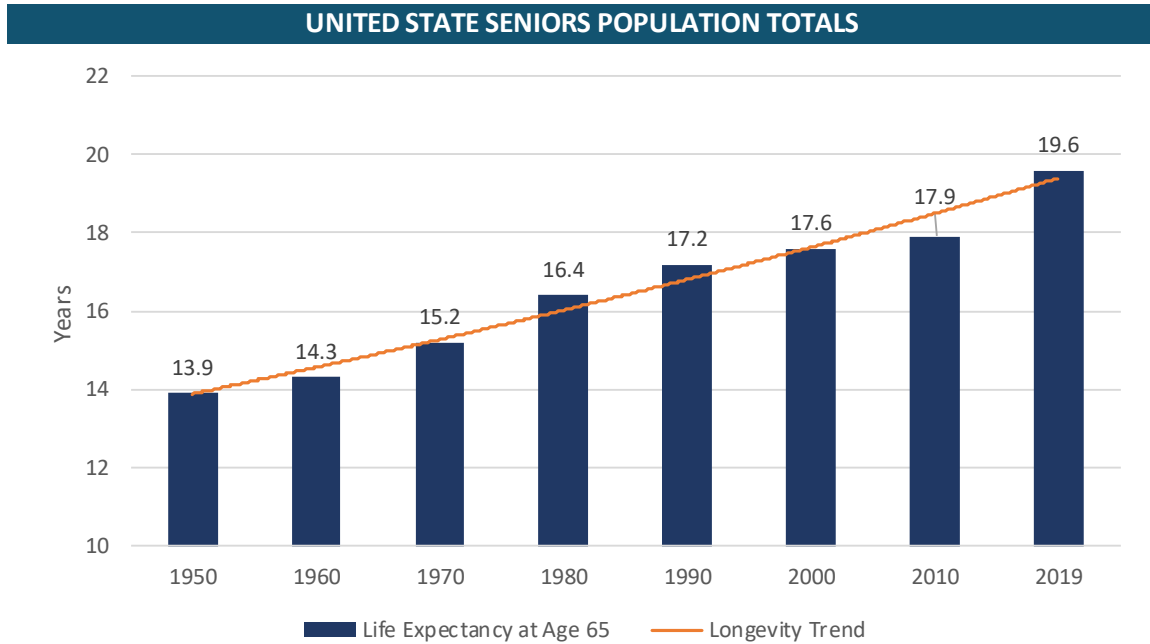


Source: U.S. Census Bureau

Overall, the forecasted increases in the senior population are well-supported based on historical and current trends and will have a direct positive effect on the level of demand for seniors housing uses moving forward in both the short- and long-term.

Life Expectancy and Lifestyle

Another driver of demand for seniors housing is life expectancy and modern lifestyles. Historically, life expectancy at age 65 has consistently increased since such metrics were originally tracked circa 1950. The following graph illustrates these increases from 1950 to 2019, the most recently available data:



Source: Centers for Disease Control and Prevention

Ultimately, advancements in medicine, nutrition, better housing conditions, higher literacy rates, and the significance placed on active and healthy lifestyles have greatly contributed to increasing life expectancies and overall longevity. This increase in life expectancy and a greater focus on a healthy lifestyle among seniors has had and will continue to have a positive effect on demand for seniors housing.

OWNERS & OPERATORS

In addition to the real estate component of a seniors housing community consisting of the physical, residential space provided to both current and future residents of a community, seniors housing communities typically provide a service component wherein owners/operators will offer need-based services as indicated by the various acuity levels exhibited by a community's population and related census. Application and management of this service component exhibits a direct correlation with the value of the underlying real estate component.

Ownership and operation of seniors housing communities typically fall into one of three categories:

- **Owner-Operators:** This category of owners typically both own and actively manage the community on a day-to-day basis. Owner-Operators typically exhibit backgrounds in a number of relevant fields such as senior living, other healthcare uses, and property management among others.
- **Owner-Investors:** This category of owner typically contracts a third-party senior living operator to manage the community on a day-to-day basis. Typically, the most common background for seniors housing Owner-Investors is from a real estate investment starting point.
- **Tenant-Landlord Owners:** This category could be considered a subset of Owner-Investors as Tenant-Landlord Owners own the community but lease the entirety of the community to an operator. Typically, owners in this category have the least amount of involvement with the operation of the community.

The 10 largest seniors housing owners and operators are summarized as follows:

10 LARGEST SENIORS HOUSING OPERATORS				
Rank	Operator	Total Units	Total Communities	Company Headquarters
1	Brookdale Senior living	55,581	668	Brentwood, TN
2	Atria Senior Living, Inc.	43,902	358	Louisville, KY
3	LCS	32,988	117	Des Moines, IA
4	Sunrise Senior Living	27,376	269	McLean, VA
5	Erickson Senior Living	24,642	20	Baltimore, MD
6	AlerisLife	19,999	140	Newton, MA
7	Senior Lifestyle	15,047	131	Chicago, IL
8	Discovery Senior Living	14,842	110	Bonita Springs, FL
9	Greystar Real Estate Partners	13,170	69	Tucson, AZ
10	Watermark Retirement Communities	12,490	72	Tucson, AZ
Total		260,037	1,954	

Source: 2022 ASHA 50 Report

10 LARGEST SENIORS HOUSING OWNERS				
Rank	Owner	Total Units	Total Communities	Company Headquarters
1	Welltower, Inc.	90,178	903	Toledo, OH
2	Ventas, Inc.	66,208	720	Chicago, IL
3	Brookdale Senior Living	30,335	339	Brentwood, TN
4	Diversified Healthcare Trust	25,195	239	Newton, MA
5	Harrison Street	23,470	175	Chicago, IL
6	American Healthcare REIT	16,303	154	Irvine, CA
7	Santerre Health Investors	12,964	129	Bethesda, MD
8	Kayne Anderson Real Estate	12,727	90	Boca Raton, FL
9	Bridge Seniors Housing Fund Manager	11,354	96	Orlando, FL
10	National Health Investors (NHI)	10,989	122	Murfreesboro, TN
Total		299,723	2,967	

Source: 2022 ASHA 50 Report

LICENSING REQUIREMENTS

Licensing requirements for operation of seniors housing communities are established and regulated by the respective state a community is located within. The following table summarizes the licensing requirements for the subject:

LICENSING REQUIREMENTS	
Category	Detail
License Type	Assisted Living
Health Care Facility Licensing/Certification Agency	Department of Social Services
Min. Beds Required for License	None
Medicaid Waiver/State Plan	Yes
Source: ASHA Seniors Housing State Regulatory Handbook	

Please note that we do not express expertise in legal matters regarding the subject's licensure in respect to any national, state, or other relevant guidelines.

SENIORS HOUSING TRANSACTION MARKET

As seniors housing is a relatively niche industry with higher barriers to entry relative to other property types, the number of total transactions is typically lower due to the limited amount of market participants. The following table summarizes the transaction data for seniors housing properties during Q1 2023. Please note that this data is partitioned between independent living, assisted living, and memory care combined, versus solely nursing care:

Q1 2023 SENIORS HOUSING SALES TRANSACTIONS				
Care Level	IL/AL/MC	YoY Change	NC	NC Trend
No. of Transactions	48	↓ Dec.	42	↓ Dec.
Total Volume (\$M)	\$534.0	↓ Dec.	\$237.9	↓ Dec.
No. of Revenue Units	5,187	↓ Dec.	4,349	↓ Dec.
Price Per Unit - YoY Δ (%)	-38.0%	↑ Inc.	34%	↑ Inc.
Avg. Capitalization - YoY Δ (bps)	13	↑ Inc.	N/A	-
Source: NIC MAP® Sales Transactions Report Q1 2023				

AGE OF COMMUNITIES

The following table displays the age of seniors housing units/beds within communities throughout the United States based on a survey conducted by the American Seniors Housing Association and published within their annual State of Seniors Housing report. Notably, the following table only includes data from owners/operators that provided a response and does not include properties that had been open less than two years before December 31, 2019.

SENIORS HOUSING AGES OF UNITS/BEDS											
Type	Pre-1980	% of Tot.	1980 - 1989	% of Tot.	1990 - 1999	% of Tot.	2000 - 2009	% of Tot.	2010+	% of Tot.	Total
IL	325	2.0%	2,999	18.6%	3,223	20.0%	5,646	35.1%	3,892	24.2%	16,085
IL/AL	941	7.3%	4,023	31.2%	2,474	19.2%	3,613	28.1%	1,827	14.2%	12,878
IL/AL/MC	1,611	7.0%	3,388	14.7%	5,261	22.8%	5,245	22.8%	7,521	32.7%	23,026
AL	468	1.8%	1,475	5.8%	10,942	42.7%	5,777	22.6%	6,951	27.1%	25,613
AL/MC	625	2.5%	1,842	7.5%	7,635	31.0%	5,640	22.9%	8,909	36.1%	24,651
MC	0	0.0%	36	0.9%	1,226	30.4%	465	11.5%	2,303	57.1%	4,030
CCRC	6,407	13.0%	8,283	16.8%	10,721	21.8%	20,018	40.6%	3,855	7.8%	49,284
NC	2,259	48.4%	667	14.3%	1,064	22.8%	271	5.8%	408	8.7%	4,669
All Other	171	7.8%	128	5.8%	185	8.5%	575	26.3%	1,130	51.6%	2,189
Total	12,807	7.9%	22,841	14.1%	42,731	26.3%	47,250	29.1%	36,796	22.7%	162,425

Source: ASHA 2021 State of Seniors Housing Report

As indicated, the majority of all seniors housing units/beds surveyed were made available between 2000 and 2009. Overall, communities with memory care tended to be newer than similar communities without. CCRC communities are typically older, with only 7.8% of units/beds opened during 2010 and beyond, with skilled nursing facilities skewing as the oldest of all seniors housing types with the majority of units/beds opened pre-1980. Notably, these survey results indicate that among all property types, almost half of the units/beds reported were in properties that had opened post-2000.

NATIONAL SENIORS HOUSING MARKET SUMMARY

The overall outlook for the national seniors housing market is considered good when accounting for the significant population growth of the 75+ age due to the Baby Boomer generation, as well as the even larger Millennial generation further ahead, and the increased life expectancy and cultural focus shift towards healthier lifestyles. Ultimately, the ongoing and forecasted demand resulting from an improving national seniors housing demographic profile indicates a healthy market in both the short- and long-term.

MULTIFAMILY MARKET ANALYSIS

LOS ANGELES MULTI-FAMILY MARKET

Costar is the source for the following data. The data reflects conditions of 2023 Q1, the most recent data available. The initial discussion provides information on the overall Los Angeles Multi-Family market, followed by the subject's submarket. The subject is located within the West County submarket, which will be discussed later in this report.

CoStar's 2022Q3 Base Case forecast is based on the Oxford Economics Baseline scenario published on September 28, 2022, which reflects slowing momentum in the economy as the Federal Reserve engages in an aggressive monetary tightening cycle to rein in a four-decade high inflation rate. The outlook for 2022Q4 envisions further slowing in activity as inflation takes its toll. The economy is expected to enter a mild recession in the first half of 2023, after seeing 1.7% annual growth in 2022. About 4 million jobs were added in the first three quarters of 2022, and another 653,000 more will be added in the fourth quarter of the year. Employment momentarily peaks in the first quarter of 2023, but payrolls end 2023 0.5% lower than at the end of 2022. A recovery in employment follows over the next two years, before growth returns to its long run growth rate of 0.6% in 2026. Despite the mild recession, the unemployment rate continues to linger at near historic lows through the end of the forecast period. Inflation has spread more towards services in the second half of the year, which tend to be stickier and suggest that high inflation will persist for longer. Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2023. The FOMC has signaled its intent to bring inflation under control and is widely expected to bring the policy rate to 3.75-4.00% by the end of the year, while it simultaneously continues to reduce its asset holdings. Capital markets remain calm as spreads settle at around 200 basis points through the end of the forecast period.

Costar rates multi-family properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

KEY INDICATORS AT A GLANCE

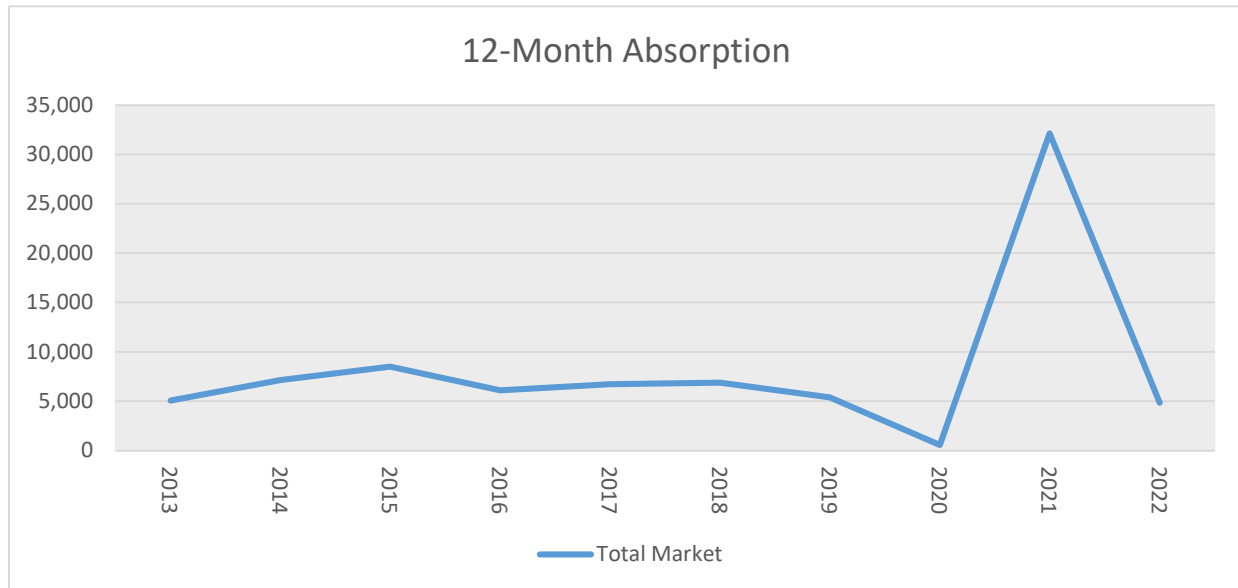
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	4.20%	4.37%	increased 17 Basis Points
Absorption (Units)	-71	561	increased 632 Units
Quoted Rental Rates (\$/Unit/Month)	\$2,201	\$2,214	increased \$13 Per Unit
Inventory (Units)	1,006,966	1,009,378	increased 2,412 Units
Net Deliveries (Units)	3,071	2,412	decreased 659 Units
Under Construction (Units)	27,559	26,523	decreased 1,036 Units
Overall Comparison	Vacancy has increased by 17 basis points		

LOS ANGELES MULTI-FAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2023 Q1	1,009,378	4.37%	561	2,412	26,523	\$2,214
2022 Q4	1,006,966	4.20%	-71	3,071	27,559	\$2,201
2022 Q3	1,003,794	3.89%	1,122	2,018	27,939	\$2,208
2022 Q2	1,001,776	3.80%	1,023	2,039	27,063	\$2,203
2022	1,006,966	4.20%	4,831	9,100	27,559	\$2,201
2021	997,765	3.79%	32,148	11,249	26,131	\$2,137
2020	986,516	5.93%	586	11,042	25,695	\$2,007
2019	975,473	4.92%	5,393	10,235	27,387	\$2,030
2018	965,238	4.46%	6,875	9,096	26,409	\$1,990
2017	956,141	4.27%	6,721	5,076	25,880	\$1,932
2016	951,065	4.46%	6,098	10,252	23,411	\$1,870
2015	940,813	4.07%	8,482	7,521	19,512	\$1,800
2014	933,292	4.20%	7,147	6,925	17,464	\$1,711

The Los Angeles Multi-Family market ended the first quarter with a vacancy rate of 4.37%. The vacancy rate increased over the previous quarter, with net absorption totaling 561 units in the first quarter. Rental rates increased compared to the previous quarter, ending first quarter at \$2,214. A total of 2,412 units was delivered to the market, with 26,523 units still under construction at the end of the quarter.

ABSORPTION



Net absorption for the overall Los Angeles Multi-Family market was 561 units in the first quarter 2023. That compares to -71 units in the fourth quarter 2022, 1,122 units in the third quarter 2022, and 1,023 units in the second quarter 2022. Net absorption in the market over the prior 12 months totaled 2,635 units.

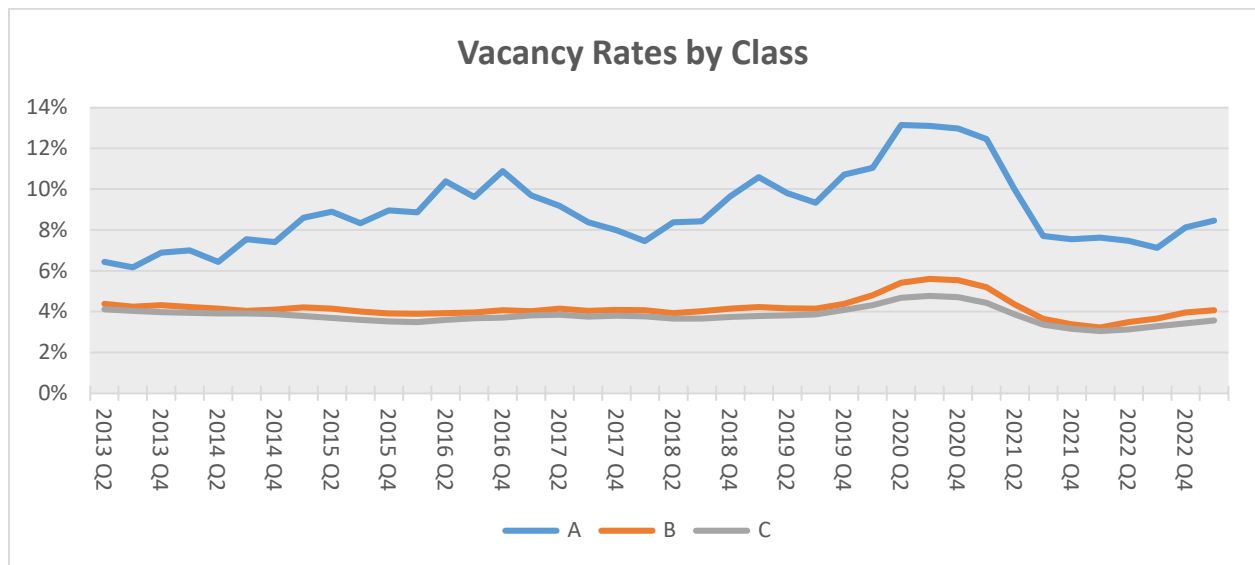
The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 1,267 units in the first quarter 2023, compared to 1,333 units in the fourth quarter 2022, 2,050 units in the third quarter 2022, and 1,482 units in the second quarter 2022.

The Class B (3 Star) Multi-Family market recorded net absorption of 207 units in the first quarter 2023, compared to -419 units in the fourth quarter 2022, 19 units in the third quarter 2022, and 121 units in the second quarter 2022.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of -913 units in the first quarter 2023, compared to -985 units in the fourth quarter 2022, -947 units in the third quarter 2022, and -581 units in the second quarter 2022.

Net absorption for the West County submarket was 0 units in the first quarter 2023. That compares to 1 units in the fourth quarter 2022, -7 units in the third quarter 2022, and -5 units in the second quarter 2022.

VACANCY



Vacancy for the overall Los Angeles Multi-Family market increased to 4.37% in the first quarter 2023. That compares to 4.20% in the fourth quarter 2022, 3.89% in the third quarter 2022, and 3.80% in the second quarter 2022.

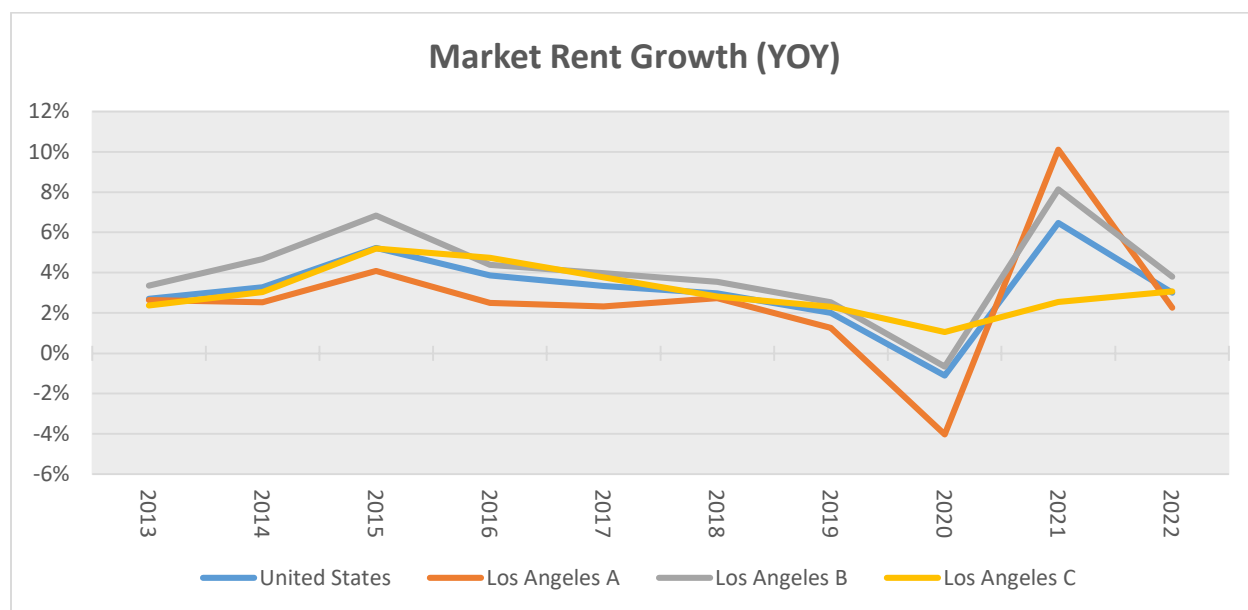
Class A (4 & 5 Star) projects reported a vacancy rate of 8.45% at the end of the first quarter 2023, 8.12% at the end of the fourth quarter 2022, 7.12% at the end of the third quarter 2022, and 7.47% at the end of the second quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 4.07% at the end of the first quarter 2023, 3.95% at the end of the fourth quarter 2022, 3.65% at the end of the third quarter 2022, and 3.49% at the end of the second quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 3.57% at the end of the first quarter 2023, 3.42% at the end of the fourth quarter 2022, 3.28% at the end of the third quarter 2022, and 3.13% at the end of the second quarter 2022.

The overall vacancy rate in the Los Angeles West County submarket at the end of the first quarter 2023 was 1.72%. The vacancy rate was 1.72% at the end of the fourth quarter 2022, 1.78% at the end of the third quarter 2022 and 1.50% at the end of the second quarter 2022.

RENTAL RATES



The average asking rental rate for available Multi-Family space, all classes, was \$2,214 per unit per month at the end of the first quarter 2023 in the Los Angeles market area. This represented a 0.6% increase in quoted rental rates from the end of the fourth quarter 2022, when rents were reported at \$2,201 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$3,290 at the end of the first quarter 2023, while Class B (3 Star) rates stood at \$2,336, and Class C (1 & 2 Star) rates at \$1,693. At the end of the fourth quarter 2022, Class A (4 & 5 Star) rates were \$3,273 per unit, Class-B (3 Star) rates were \$2,318, and Class C (1 & 2 Star) rates were \$1,685.

The average quoted asking rental rate in Los Angeles's West County district was \$3,232 per unit per month at the end of the first quarter 2023. In the fourth quarter 2022, quoted rates were \$3,101.

INVENTORY & CONSTRUCTION

During the first quarter 2023, a total of 2,412 units was completed in the Los Angeles market area. This compares to a total of 3,071 units completed in the fourth quarter 2022, a total of 2,018 units completed in the third quarter 2022, and 2,039 units completed in the second quarter 2022.

There were 26,523 units of Multi-Family space under construction at the end of the first quarter 2023.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	144,052	7,746	22,939
Class B (3 Star)	217,920	1,824	3,474
Class C (1 & 2 Star)	647,406	-30	110
Total	1,009,378	9,540	26,523

MARKET OUTLOOK

The Los Angeles Multi-Family market ended the first quarter 2023 with an overall vacancy rate of 4.37%. The vacancy rate increased over the previous quarter, with net absorption totaling 561 units in the first quarter 2023. Rental rates increased \$12.65 per unit per month over the previous quarter and ended at \$2,214 per unit per month. A total of 2,412 units was delivered in the quarter, with 26,523 units still under construction at the end of the quarter.

GREATER CULVER CITY MULTI-FAMILY MARKET

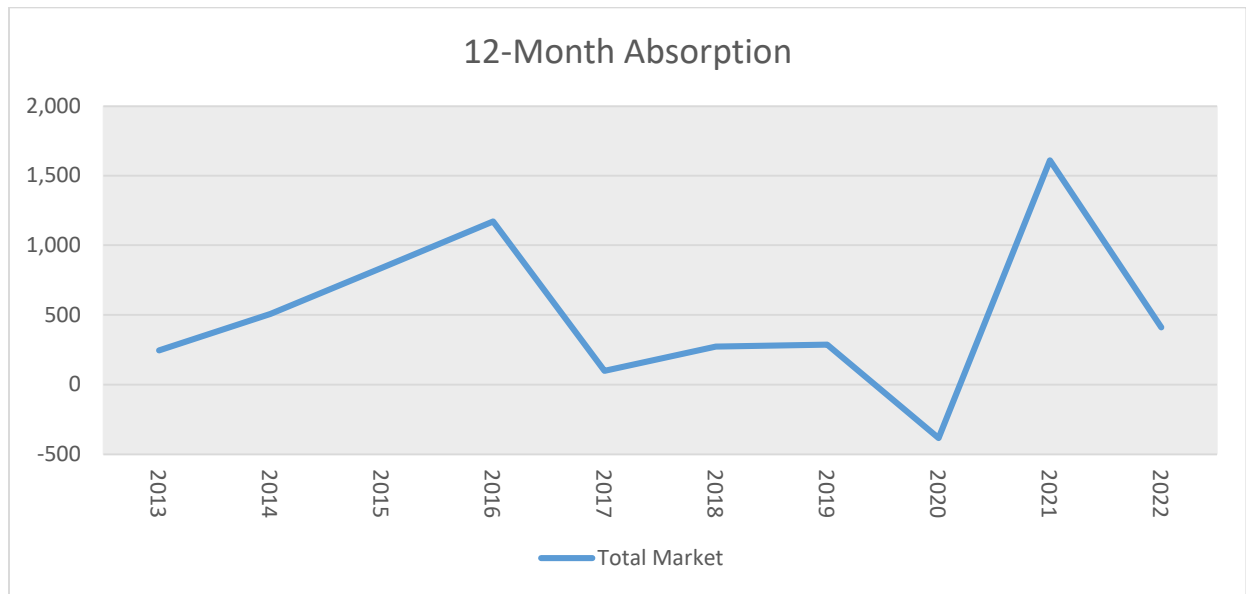
KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	5.20%	4.77%	decreased 43 Basis Points
Absorption (Units)	-79	233	increased 312 Units
Quoted Rental Rates (\$/Unit/Month)	\$2,764	\$2,758	decreased \$6 Per Unit
Inventory (Units)	41,468	41,522	increased 54 Units
Net Deliveries (Units)	212	54	decreased 158 Units
Under Construction (Units)	1,275	1,325	increased 50 Units
Overall Comparison	Vacancy has decreased by 43 basis points		

GREATER CULVER CITY MULTI-FAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2023 Q1	41,522	4.77%	233	54	1,325	\$2,758
2022 Q4	41,468	5.20%	-79	212	1,275	\$2,764
2022 Q3	41,256	4.52%	172	205	1,327	\$2,780
2022 Q2	41,051	4.46%	166	331	1,071	\$2,772
2022	41,468	5.20%	411	789	1,275	\$2,764
2021	40,679	4.35%	1,610	364	1,352	\$2,625
2020	40,315	7.42%	-384	550	877	\$2,445
2019	39,764	5.16%	286	395	1,208	\$2,527
2018	39,369	4.92%	273	326	1,317	\$2,479
2017	39,043	4.82%	98	119	1,234	\$2,403
2016	38,924	4.76%	1,171	1,034	556	\$2,319
2015	37,890	5.26%	839	1,302	1,434	\$2,249
2014	36,588	4.17%	507	478	2,289	\$2,136

The Greater Culver City Multi-Family market ended the first quarter with a vacancy rate of 4.77%. The vacancy rate decreased over the previous quarter, with net absorption totaling 233 units in the first quarter. Rental rates increased compared to the previous quarter, ending first quarter at \$2,758. A total of 54 units was delivered to the market, with 1,325 units still under construction at the end of the quarter.

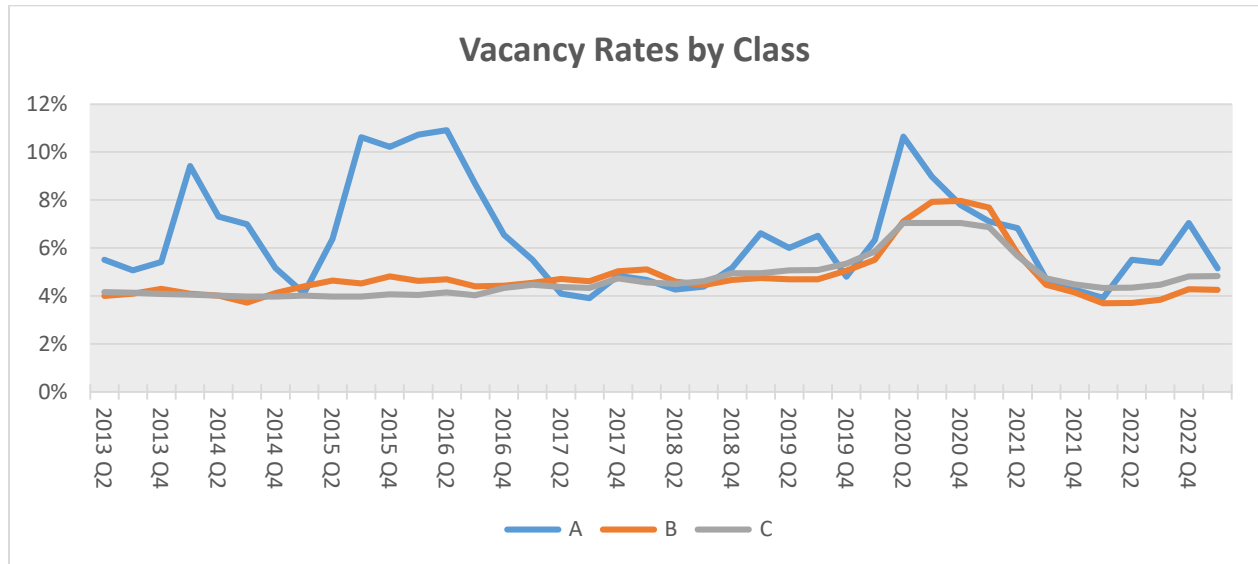
ABSORPTION

Net absorption for the overall Greater Culver City Multi-Family market was 233 units in first quarter 2023. That compares to -79 units in fourth quarter 2022, 172 units in third quarter 2022, and 166 units in second quarter 2022. Net absorption in the market over the prior 12 months totaled 492 units.

The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 235 units in the first quarter 2023, compared to 34 units in the fourth quarter 2022, 184 units in the third quarter 2022, and 173 units in the second quarter 2022.

The Class B (3 Star) Multi-Family market recorded net absorption of 3 units in the first quarter 2023, compared to -36 units in the fourth quarter 2022, 12 units in the third quarter 2022, and -2 units in the second quarter 2022.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of -5 units in the first quarter 2023, compared to -78 units in the fourth quarter 2022, -24 units in the third quarter 2022, and -5 units in the second quarter 2022.

VACANCY

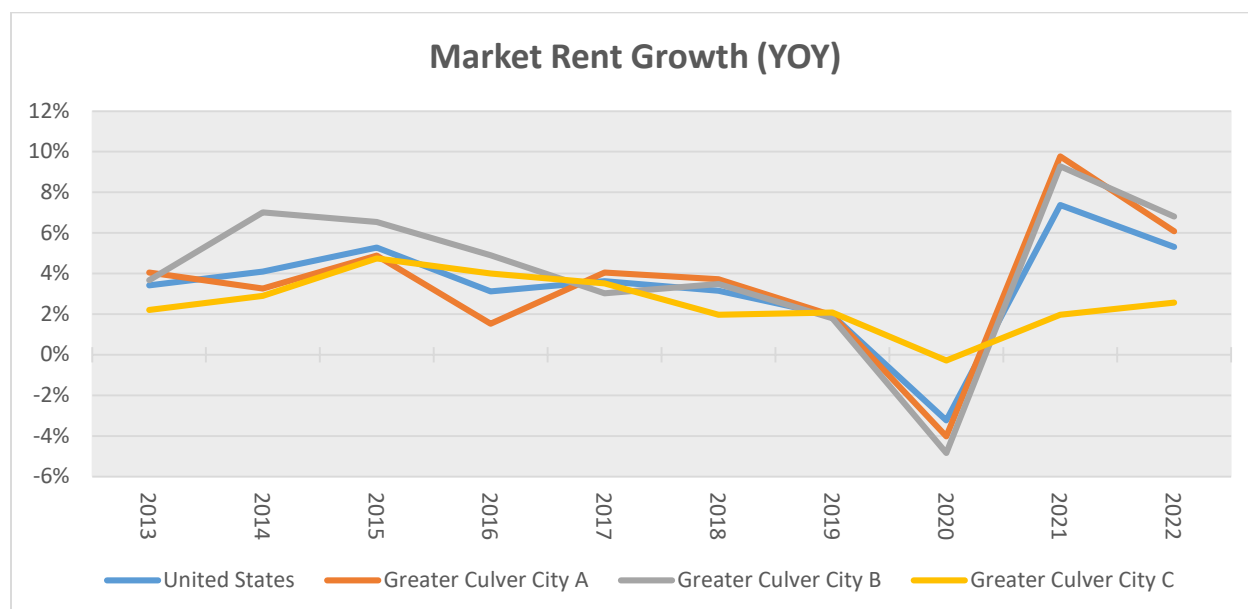
Vacancy for the overall Greater Culver City Multi-Family market decreased to 4.77% in the first quarter 2023. That compares to 5.20% in the fourth quarter 2022, 4.52% in the third quarter 2022, and 4.46% in the second quarter 2022.

Class A (4 & 5 Star) projects reported a vacancy rate of 5.15% at the end of the first quarter 2023, 7.04% at the end of the fourth quarter 2022, 5.37% at the end of the third quarter 2022, and 5.50% at the end of the second quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 4.25% at the end of the first quarter 2023, 4.28% at the end of the fourth quarter 2022, 3.84% at the end of the third quarter 2022, and 3.71% at the end of the second quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 4.83% at the end of the first quarter 2023, 4.81% at the end of the fourth quarter 2022, 4.46% at the end of the third quarter 2022, and 4.35% at the end of the second quarter 2022.

RENTAL RATES



The average asking rental rate for available Multi-Family space, all classes, was \$2,758 per unit per month at the end of the first quarter 2023 in the Greater Culver City market area. This represented a 0.2% decrease in quoted rental rates from the end of the fourth quarter 2022, when rents were reported at \$2,764 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$3,754 at the end of the first quarter 2023, while Class B (3 Star) rates stood at \$2,680, and Class C (1 & 2 Star) rates at \$1,947. At the end of the fourth quarter 2022, Class A (4 & 5 Star) rates were \$3,779 per unit, Class-B (3 Star) rates were \$2,685, and Class C (1 & 2 Star) rates were \$1,936.

INVENTORY & CONSTRUCTION

During the first quarter 2023, a total of 54 units was completed in the Greater Culver City market area. This compares to a total of 212 units completed in the fourth quarter 2022, a total of 205 units completed in the third quarter 2022, and 331 units completed in the second quarter 2022.

There were 1,325 units of Multi-Family space under construction at the end of the first quarter 2023.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	9,704	770	1,114
Class B (3 Star)	9,690	32	211
Class C (1 & 2 Star)	22,128	0	0
Total	41,522	802	1,325

GREATER CULVER CITY MARKET OUTLOOK

The Greater Culver City Multi-Family market ended the first quarter 2023 with an overall vacancy rate of 4.77%. The vacancy rate decreased over the previous quarter, with net absorption totaling 233 units in the first quarter 2023.

Rental rates decreased \$5.80 per unit per month over the previous quarter and ended at \$2,758 per unit per month. A total of 54 units was delivered in the quarter, with 1,325 units still under construction at the end of the quarter.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses.

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is zoned R3. Permitted uses include group dwellings, multiple dwellings, apartment uses, child care facilities for not more than 20 children, assisted living care housing, senior independent housing. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.

PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally conforming uses. Given the surrounding uses and location, the site is suited for affordable housing use.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that multifamily uses in the subject's market are generally stabilized. Recent and planned multifamily developments in the market area serve as direct evidence that new multifamily development is financially feasible. Comparisons of rental rates, operating expenses and construction costs indicate the property is capable of providing an adequate return on investment to warrant new multifamily development in the current market. This assertion is supported by the fact that the property has the potential to generate rental income as shown in the income approach. Therefore, affordable housing use is considered financially feasible.

MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In order to determine the maximally productive use, a comparison of rental rates, occupancy, operating expenses, and rates of return for the financially feasible uses have been made. Based on this analysis, multifamily use renders the highest residual land value; therefore, affordable housing development on the subject's site is the maximally productive use of the subject as vacant.

The most probable purchaser of the subject, as vacant, is a multifamily developer.

HIGHEST AND BEST USE AS PROPOSED**PHYSICALLY POSSIBLE**

The subject is proposed for a 76-unit multifamily building on a 1.03-acre site that conforms to its surrounding uses. The proposed multifamily use is physically possible.

LEGALLY PERMISSIBLE

The subject's proposed use is legally-conforming due to its affordable homekey grants.

FINANCIALLY FEASIBLE

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The appraisers understand that the subject has been used as an assisted living community. The subject is capable of producing positive net cash flow to an investor as an assisted living community. An analysis of the multifamily market indicates that an alternate use as multifamily would result in a greater value. Therefore, utilization of the proposed improvements as affordable housing use is the highest and best financially feasible use.

MAXIMUM PRODUCTIVITY

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for multifamily use. Some assisted living community properties in the region are being acquired for conversion from assisted living use to multifamily use. This market data provides evidence suggesting that the proposed affordable housing use is maximally productive.

CONCLUSION - AS PROPOSED

Based on this analysis, affordable housing multifamily use would be more productive than the current assisted living community use. For these reasons, the proposed multifamily use is concluded to be maximally productive, and thus the highest and best use of the property as improved. As of the date of value referenced herein, the most probable buyer/typical user of the subject property is concluded to be an investor/developer with the intention of converting the subject to affordable housing and operating under the conditions of the Homekey grant agreement.

The most probable purchaser of the property As Proposed, is an investor/operator looking to operate an affordable housing community with residential services.

VALUATION PROCESS

OVERVIEW

The three traditional approaches to valuing improved properties are:

- Sales Comparison Approach - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;
- Income Capitalization Approach - the processing of a projected net income into a value opinion via one or more capitalization techniques; and
- Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for or is easily capable of producing a rental income.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

SUMMARY

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. We have also provided a Land Value at the request of the client.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value or is a correlation of all the approaches used in the appraisal.

LAND VALUATION

METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per acre, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

Based on market behavior observed, the most appropriate unit of comparison for this analysis is price per square foot.

COMPARABLE LAND SALES SUMMARY

SUMMARY OF LAND SALES								
No.	Property / Location	Date of Sale	Transaction Status	Site Size (Net Acres)	Site Size (Net SF)	Zoning	Sale Price	Price per SF (Net)
1	1500-1512 Hi Point Street Los Angeles, CA	Nov-22	Closed	0.61	26,544	R3; Multiple Residential	\$9,050,000	\$340.94
2	4424-4438 Slauson Ave Los Angeles, CA	Jan-22	Closed	0.46	20,003	R3-1; R3; Multiple Dwelling	\$6,320,000	\$315.95
3	1110 South Spaulding Avenue Los Angeles, CA	Jan-22	Closed	0.48	21,121	R-3-1; Residential	\$4,995,000	\$236.49
4	11900 Santa Monica Blvd Los Angeles, CA	Jun-23	Listing	1.07	46,609	C2; Neighborhood Commercial	\$25,000,000	\$536.38
Subj.	3340 Shelby Drive Los Angeles, California	---	---	1.03	44,867	R3, Multiple Dwelling Zone	---	---
	Survey Minimum	Jan-22		0.46	20,003		\$0	\$236
	Survey Maximum	Jun-23		1.07	46,609		\$0	\$536
	Survey Average			0.66	28,569		\$0	\$357

COMMENTS

1 - This is the sale of a 26,544 square foot land site for \$9,050,000. The property sold with discretionary approvals and RTI "Ready to Issue" drawings for a luxury 58-unit multifamily community. The property was on the market from August 2022 to November 2022 and had an asking price of \$9,050,000 at the time of sale.

2 - This is the sale of 4 adjacent lots. The property can be developed with 42 unit (including a density bonus). It is reported that the buyer will develop the site with 35 units. The property was improved with 4 single-family home with a total of 9,084 square feet

3 - The sale price of \$4,995,000 was confirmed by both the seller's broker and buyer's broker. The lot was RTI with the approval for 26 units

4 - This is a listing for a 1.07-acre parcel of C2 zoned land that is entitled for 171 residential units that is priced at \$146,199 per unit.

COMPARABLE LAND SALES ADJUSTMENT GRID

LAND SALE ADJUSTMENT GRID – per Square Foot					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Property / Location	Terraza of Cheviot Hills 3340 Shelby Drive Los Angeles, California	1500-1512 Hi Point Street 1500-1512 Hi Point Street Los Angeles, CA	4424-4438 Slauson Ave 4424 Slauson Avenue Los Angeles, CA	1110 South Spaulding Avenue 1110 South Spaulding Avenue Los Angeles, CA	11900 Santa Monica Blvd 11900 Santa Monica Boulevard Los Angeles, CA
Transaction Status	-----	Closed	Closed	Closed	Listing
Date of Sale	-----	Nov-22	Jan-22	Jan-22	Jun-23
Site Size (Acres)	1.03	0.61	0.46	0.48	1.07
Site Size (SF)	44,867	26,544	20,003	21,121	46,609
Sale Price	-----	\$9,050,000	\$6,320,000	\$4,995,000	\$25,000,000
Zoning	R3	R3	R3-1	R-3-1	C2
Unadjusted Price per SF		\$340.94	\$315.95	\$236.49	\$536.38
Transactional Adjustments					
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Financing Terms					
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Conditions of Sale					
Adjustment		0%	0%	0%	-10%
Expenditures Immed After Sale					
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Market Conditions	Jul-23	Nov-22	Jan-22	Jan-22	Jun-23
Adjustment		-1%	-1%	-1%	0%
Total Transactional Adjustments		-1%	-1%	-1%	-10%
Adjusted Price per SF		\$337.53	\$312.79	\$234.13	\$482.74
Property Adjustments					
Location		<i>Inferior</i> 5%	<i>Inferior</i> 10%	<i>Inferior</i> 15%	<i>Inferior</i> 5%
Net Site Size (Ac)	1.03	<i>0.61</i> -5%	<i>0.46</i> -5%	<i>0.48</i> -5%	<i>1.07</i> 0%
Zoning / Intended Use	R3	<i>R3</i> 0%	<i>R3-1</i> 0%	<i>R-3-1</i> 0%	<i>C2</i> 0%
Access / Visibility		5%	5%	0%	0%
Utilities / Infrastructure		0%	0%	0%	0%
Topography	<i>Generally level</i>	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%
Entitlements		<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Superior</i> -10%
Total Property Adjustments		5%	10%	10%	-5%
Indication for Subject		\$354.41	\$344.07	\$257.54	\$458.60

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

DISCUSSION OF ADJUSTMENTS

TRANSACTIONAL ADJUSTMENTS

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCING TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

Comparable No. 4 is currently listed and is entitled for 171 residential units per listing broker. A downward adjustment of 5% was made for its listing status to account for the buyer's negotiations.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 1%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 1%.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 10.0%. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 15.0%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%.

NET SITE SIZE (Ac)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-acre basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 5.0%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 5.0%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 5.0%.

ZONING / INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

ACCESS / VISIBILITY

Adjustments for access/visibility allow for differences in accessibility to adjacent/nearby roadways, railways and/or waterways. Sites with visibility and exposure to heavier travelled thoroughfares normally command a premium over similar sites along tertiary thoroughfares.

Comparables 1 and 2 were the only comparables not located on a major arterial. As such, the following adjustments were made. Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 5.0%.

UTILITIES / INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TOPOGRAPHY

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

ENTITLEMENTS

Comparable 4 is a listing with entitlements granted for 171 residential units. The additional entitlement adds value to the site and thus makes it superior to the subject.

Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%.

SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 10.0%. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 10.0%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 5.0%.

LAND VALUE CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$236.49	\$257.54
Maximum	\$536.38	\$458.60
Median	\$328.45	\$349.24
Average	\$357.44	\$353.66

After adjustments, the comparable land sales reflect a range from \$257.54 to \$458.60 per square foot, with an average of \$353.66 per square foot and a median of \$349.24 per foot. We have placed primary reliance on land sale 1 due to recency and proximity. We have placed secondary reliance on the data set's median.

Based on the data available and the analyses presented, the indicated value of the land by the Sales Comparison Approach is \$350.00 per square foot, calculated in the following table.

LAND VALUE CONCLUSION	
Indicated Value per SF	\$350.00
Land Area (SF)	x 44,867
Indicated Value	\$15,703,450
Rounded to nearest \$10,000	\$15,700,000
Per square foot	\$349.92

SALES COMPARISON APPROACH – CURRENT USE AS ASSISTED LIVING COMMUNITY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per unit. All comparable sales were analyzed on this basis.

Due to the nature of the subject property and the level of detail available for the comparable data, we have elected to analyze the comparables through application of a traditional adjustment grid utilizing percentage adjustments.

SALE OF THE SUBJECT PROPERTY

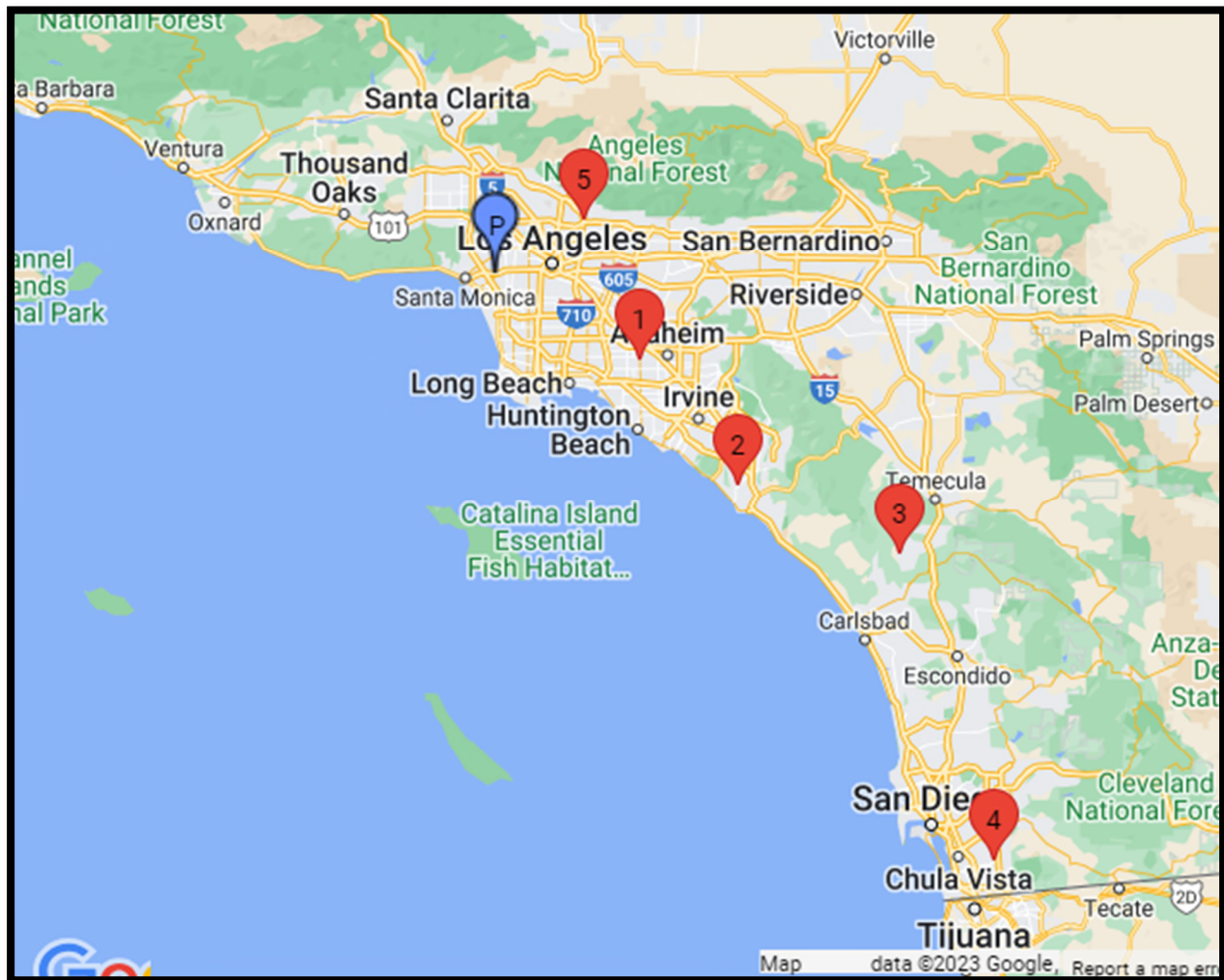
The subject property is currently vested in Lindley Northridge LLC, a California limited liability company. It is under contract for \$27,300,000 where Lindley Northridge LLC is the seller and Weingart Center Association, a California nonprofit corporation is the buyer per purchase and sale contract provided by the client. The subject property has not been sold within the previous three years to the effective date of value.

The budgeted renovation costs have been reported at \$11,315,290 .

COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Additional details of the sales are in the Addenda.

We utilized 5 assisted living community sales in within Southern California. Assisted living property sales were limited, so we expanded our search location wise to find appropriate comparables.



SUMMARY OF IMPROVED SALES								
No.	Property / Location	Date of Sale	Transaction Status	Year Built/ Renovated	Bldg. Size (SF Gross)	No. Beds	Site Size (SF) (Acres)	Sales Price \$/Unit
1	West Anaheim Extended Care 645 South Beach Boulevard Anaheim, CA	Sep-22	Closed	1989 / 2005	41,617	138	83,635 1.92	\$25,000,000 \$181,159
2	Estancia Senior Living 1735 South Mission Road Fallbrook, CA	Oct-21	Closed	2021	88,892	104	500,940 11.5	\$35,000,000 \$336,538
3	Ivy Park at Otay Ranch 1290 Santa Rosa Drive Chula Vista, CA	Apr-21	Closed	2018	100,402	111	196,891 4.52	\$29,400,000 \$264,865
4	Morningstar Senior Living 951 North Fair Oaks Avenue Pasadena, CA	Jan-21	Closed	2003	130,553	149	83,849 1.92	\$64,467,000 \$432,664
Subj.	Terraza of Cheviot Hills 3340 Shelby Drive Los Angeles, California	---	---	1968 / 2024 (proposed)	38,143	76	44,867 1.03	---

COMMENTS

Sale Comp 1 - West Anaheim Extended Care is a skilled nursing facility located at 645 South Beach Boulevard, Anaheim, CA in an urban area. The improvements were constructed in 1989 and are in average condition. The facility had an overall occupancy of 96% at the time of sale. The details of the transaction were verified via the broker. The \$25,000,000 sale price reflects a value of \$181,159 per revenue unit. A local owner-operator sold the asset to an East Coast-based real estate holding company, which will lease the property to a local operator. The facility also holds a contract for over 50 therapeutic residential care beds. Matt Jassak with Foley & Lardner represented the sellers on the transaction. The exact unit mix at the time of the sale was described as 24 semi private units and 30 three bed semi private units, for a total of 138 beds. The bed mix does fluctuate depending upon resident mix in the community as many of the three-bed rooms are often utilized as semi-private units.

Sale Comp 2 - This comparable represents the sale of a 109- assisted living community located at 1735 South Mission Road in Fallbrook, California. The property was built in 2021 and was in good condition. The comparable sold in October 2021 for \$35,000,000 or \$321,101 per unit. The seller is a developer/operator specializing in multifamily development in the western US. The occupancy was reported at 40%. The property opened for business in July, 2021. The proforma cap rate was 8.76%.

Sale Comp 3 - Ivy Park at Otay Ranch is a Class A senior living community at 1290 Santa Rosa Drive in Chula Vista, California in a suburban location. The community was built in 2018 and occupancy (65%) was impacted by COVID-19 at the time of sale. The property sold on April 30, 2021 for \$29,400,000 or \$264,865 per unit.

Sale Comp 4 - This comparable represents the sale of a Class B senior living community in Pasadena, CA. The sales price of \$64,467,000 was confirmed by the buyer. Post-closing, the buyer changed the name to Morningstar Senior Living. The proforma cap rate was 5.32%.

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

TRANSACTIONAL ADJUSTMENTS

Property Rights Conveyed	This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Financing	This category accounts for other factors that may have influenced the sale price, primarily pertaining to seller motivation, such as seller distress (short sale, REO, auction) or buyer motivation, such as an assemblage. In the case of active listings, this adjustment can also capture the disparity between asking prices and the achievable sale price expected by the appraiser or a party to the sale. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Terms/Conditions of Sale	Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. In many situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Expenditures After Sale	In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Market Conditions	This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates. Market conditions have shows to remain relatively stable for assisted living properties in within the time from of the comparables utilized.
Total Transactional Adjustment	All comparables were similar to the subject in transactional adjustments, and therefore, no adjustments were required.

PROPERTY ADJUSTMENTS

Location	The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and/or employment centers and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas. Sale No. 1 was judged inferior to the subject and received an upward adjustment of 15.0%. Sale No. 2 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 5 was judged inferior to the subject and received an upward adjustment of 5.0%.
Project Size - Beds	Normally, all other characteristics being equal, the per square foot value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers. Sale No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 2 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 5 was judged inferior to the subject and received an upward adjustment of 5.0%.
Year Built	The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property's original construction date. Sale No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 5 was regarded superior to the subject and received a downward adjustment of 10.0%.
Condition	Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance. Sale No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%.
Project Amenities	This adjustment category recognizes differences in project amenities amongst properties. Such project amenities may include clubhouses, swimming pools, jacuzzi's, spa's, fitness centers, tennis courts, security gates, laundry facilities, elevators/escalators, et cetera. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Bed Allocation	Comparable 1 has 24 semi private and 30 3 bed rooms which are considered to be inferior to the subject property which has 76 private rooms. Private rooms are typically rented at higher rates. A 20% adjustment was made.
Levels of Care	Comparables 2-4 offer memory care in addition to assisted living. This additional service makes these properties superior to the subject in this category. The following adjustments were made. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%.
Total Property Adjustments	Sale No. 1 was judged inferior to the subject and received an upward adjustment of 30.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 15.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 15.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 20.0%. Sale No. 5 was regarded superior to the subject and received a downward adjustment of 5.0%.

SUMMARY OF ADJUSTMENTS

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Property / Location	Terraza of Cheviot Hills 3340 Shelby Drive Los Angeles, California	West Anaheim Extended Care 645 South Beach Boulevard Anaheim, CA	Estancia Senior Living 1735 South Mission Road Fallbrook, CA	Ivy Park at Otay Ranch 1290 Santa Rosa Drive Chula Vista, CA	Morningstar Senior Living 951 North Fair Oaks Avenue Pasadena, CA
Date of Sale	-----	Sep-22	Oct-21	Apr-21	Jan-21
Bldg. Size (SF Gross)	38,143	41,617	88,892	100,402	130,553
No. Units	76	138	104	111	149
Occup.	100%	96%	40%	65%	92%
Unadjusted Price (\$ per Unit)	-----	\$181,159	\$336,538	\$264,865	\$432,664
Transactional Adjustments					
Property Rights Conveyed	<i>Leased Fee</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjustment		\$0	\$0	\$0	\$0
Financing					
Adjustment		\$0	\$0	\$0	\$0
Terms/Conditions of Sale					
Adjustment		\$0	\$0	\$0	\$0
Expenditures After Sale					
Adjustment		\$0	\$0	\$0	\$0
Market Conditions	<i>Jul-23</i>	<i>Sep-22</i>	<i>Oct-21</i>	<i>Apr-21</i>	<i>Jan-21</i>
Adjustment		0%	0%	0%	0%
Adjusted Price (\$ per Unit)		\$181,159	\$336,538	\$264,865	\$432,664
Property Adjustments					
Location		<i>Inferior</i> 15%	<i>Inferior</i> 10%	<i>Inferior</i> 10%	<i>Inferior</i> 5%
Project Size - Beds	76	138 5%	104 5%	111 5%	149 5%
Year Built	1968	1989 -5%	2021 -10%	2018 -10%	2003 -10%
Condition	<i>As Is</i>	<i>Similar</i> 0%	<i>Superior</i> -10%	<i>Superior</i> -10%	<i>Superior</i> -5%
Project Amenities		<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%
Bed Allocation		20%	0%	0%	0%
Levels of Care	<i>AI</i>	<i>AI</i> 0%	<i>AI, MC</i> -10%	<i>AI, MC</i> -10%	<i>AI, MC</i> -10%
Total Property Adjustments		35%	-15%	-15%	-15%
Indication for Subject:		\$244,565	\$286,058	\$225,135	\$367,765

CONCLUSION OF SALES COMPARISON APPROACH

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$181,159	\$225,135
Maximum	\$432,664	\$367,765
Average	\$303,807	\$280,881

After adjustment, the comparables support a range of value indications from \$225,135 to \$367,765 per unit, and average \$280,881 per unit. We placed primary reliance on sale comparable 4 due to its proximity to the subject.

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES COMPARISON APPROACH VALUE CONCLUSION - AS IS	
Indicated Value Per Unit	\$360,000
No. Units	x 76
Indicated Value	\$27,360,000
Rounded to nearest \$50,000	\$27,350,000
Per Unit	\$359,868

Our estimate of value based on the current use as an assisted living community aligned with the purchase price of \$27,300,000 , which supports the proposed affordable housing use as the subject's highest and best use.

SALES COMPARISON APPROACH- UNENCUMBERED

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per unit. All comparable sales were analyzed on this basis.

Due to the nature of the subject property and the level of detail available for the comparable data, we have elected to analyze the comparables through application of a traditional adjustment grid utilizing percentage adjustments.

SALE OF THE SUBJECT PROPERTY

The subject property is currently vested in Lindley Northridge LLC, a California limited liability company. It is under contract for \$27,300,000 where Lindley Northridge LLC is the seller and Weingart Center Association, a California nonprofit corporation is the buyer per purchase and sale contract provided by the client. The subject property has not been sold within the previous three years to the effective date of value.

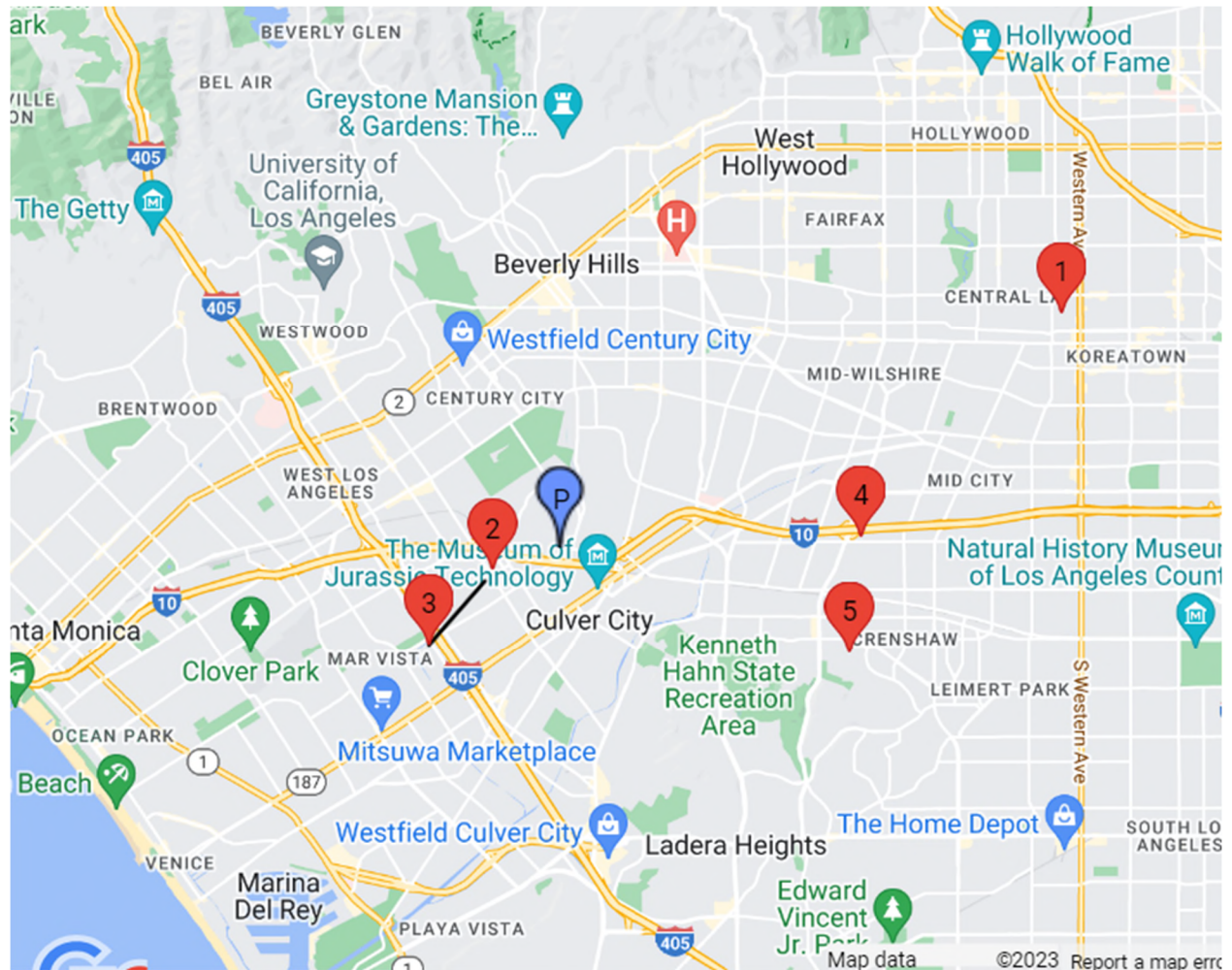
The proposed construction costs have been reported at \$11,315,290 .

COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Additional details of the sales are in the Addenda.

The following sales all occurred within the past 3 years in the City of Los Angeles

Comparable Improved Sales Map



SUMMARY OF IMPROVED SALES											
No.	Property / Location	Date of Sale	Transaction Status	Year Built/ Renovated	Bldg. Size (SF Net) (SF Gross)	No. Units	Avg Unit Size (SF)	Occup.	Sales Price \$/Unit	NOI /Unit	Overall Rate
1	430 S Gramercy Pl - 430 South Gramercy Place Los Angeles, CA	Feb-23	Closed	1964	14,031 20,497	30	467	100%	\$7,150,000 \$238,333	\$11,917	5.00%
2	3252 Overland Avenue Apartments 3252 Overland Avenue Los Angeles, CA	Feb-23	Closed	1964	24,120 25,971	32	753	96%	\$10,200,000 \$318,750	\$14,188	4.45%
3	The Diplomat Apartments 10751 Rose Avenue Los Angeles, CA	Dec-22	Closed	1962	92,700 92,700	119	778	97%	\$31,700,000 \$266,387	\$9,324	3.50%
4	2501 West View Street 2501 West View Street Los Angeles, CA	Nov-21	Closed	1986	28,400 28,675	37	767	78%	\$9,600,000 \$259,459	\$9,163	3.53%
5	3900 Nicolet Avenue Apartments 3900 Nicolet Avenue Los Angeles, CA	Oct-21	Closed	1956	64,600 72,036	76	850	76%	\$16,700,000 \$219,737	\$4,917	2.24%
Subj.	Terraza of Cheviot Hills 3340 Shelby Drive Los Angeles, California	---	---	1968 / 2024 (proposed)	24,700 38,143	76	325	--	---	\$11,926	4.50%

COMMENTS

Sale Comp 1 - This is a sale of 30-unit multifamily building for \$7,150,000, or about \$238,333 per unit. The Class C apartment complex was built in 1964 and is comprised of a single three-story building situated on a 0.344 acre (14,985 SF) parcel with a unit mix of 10 studios, (17) Sale Comp 2 - On 2/14/2023, David and Caryn Krasne sold the 32-unit apartment complex at 3252 Overland Ave in Los Angeles, CA to Emmett Ochs Investments for \$10.2 million, or \$318,750 per unit.

Sale Comp 3 - Subject property sold for \$266,386 per unit on 12/9/2022

Sale Comp 4 - This is the sale of a 37-unit multifamily property located along West View Street, just north of Adams Boulevard in the West Adams neighborhood of the city of Los Angeles. The property featured eight vacant units at the time of sale and no income was being collected for a total of 17 units (including the eight vacant units) at the time of sale. The income projected below projects contract rent for all occupied units and market rent on the vacant units. Overall, contract rents were considered by the listing brokers to be approximately 30% below market levels.

Sale Comp 5 - Property was on the market 133 days. The reported vacancy rate was 23.68% which would allow for considerable more income and a higher cap rate. A potential value-add deal.

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

TRANSACTIONAL ADJUSTMENTS	
Property Rights Conveyed	This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Financing	This category accounts for other factors that may have influenced the sale price, primarily pertaining to seller motivation, such as seller distress (short sale, REO, auction) or buyer motivation, such as an assemblage. In the case of active listings, this adjustment can also capture the disparity between asking prices and the achievable sale price expected by the appraiser or a party to the sale. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Terms/Conditions of Sale	Site utility adjustments may allow for differences in site features such as how the improvements are laid-out on the site, retention ponds, access, exposure, slope or other factors. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Expenditures After Sale	In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Market Conditions	This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 1.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 2.0%. Sale No. 5 was regarded superior to the subject and received a downward adjustment of 1.0%.

PROPERTY ADJUSTMENTS	
Location	The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and/or employment centers and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas. We considered the median home value, income earned in, and access/population in comparable areas relative to the subject to determine the appropriate location adjustments. The sales were adjusted accordingly. Sale No. 1 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 15.0%. Sale No. 5 was judged inferior to the subject and received an upward adjustment of 10.0%.
Project Size - Units	Normally, all other characteristics being equal, the per square foot value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers. Sale No. 1 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%.
Average Unit Size (SF)	The average unit size of a property may affect the sales price. Typically, the smaller the average unit size, the higher the price per square foot and the lower the price per unit. Sale No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 5 was regarded superior to the subject and received a downward adjustment of 10.0%.
Year Built	The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property's original construction date. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Condition	Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance. The subject will be completely renovated upon completion. Therefore, all the comparables required a slight upward adjustment.
Project Amenities	This adjustment category recognizes differences in project amenities amongst properties. Such project amenities may include clubhouses, swimming pools, jacuzzi's, spa's, fitness centers, tennis courts, security gates, laundry facilities, elevators/escalators, et cetera. Comparables 1-3 have a pool, therefore the following adjustments were made. Sale No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 5.0%.
Total Property Adjustments	Sale No. 1 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 20.0%. Sale No. 5 was judged inferior to the subject and received an upward adjustment of 5.0%.

SUMMARY OF ADJUSTMENTS

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Property / Location	Terraza of Cheviot Hills 3340 Shelby Drive Los Angeles, California	430 S Gramercy Pl - 430 South Gramercy Place Los Angeles, CA	3252 Overland Avenue Apartments 3252 Overland Avenue Los Angeles, CA	The Diplomat Apartments 10751 Rose Avenue Los Angeles, CA	2501 West View Street 2501 West View Street Los Angeles, CA	3900 Nicolet Avenue Apartments 3900 Nicolet Avenue Los Angeles, CA
Date of Sale	-----	Feb-23	Feb-23	Dec-22	Nov-21	Jan-22
Bldg. Size (SF Net)	24,700	14,031	24,120	92,700	28,400	64,600
No. Units	76	30	32	119	37	76
Avg. Unit Size (SF)	325	467	753	778	767	850
Occup.	100%	100%	96%	97%	78%	76%
Sale Price	-----	\$7,150,000	\$10,200,000	\$31,700,000	\$9,600,000	\$16,700,000
Overall Rate	4.50%	5.00%	4.45%	3.50%	3.53%	2.24%
Unadjusted Price (\$ per Unit)	-----	\$238,333	\$318,750	\$266,387	\$259,459	\$219,737
Transactional Adjustments						
Property Rights Conveyed	Leased Fee	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>
Adjustment		\$0	\$0	\$0	\$0	\$0
Financing						
Adjustment		\$0	\$0	\$0	\$0	\$0
Terms/Conditions of Sale						
Adjustment		\$0	\$0	\$0	\$0	\$0
Expenditures After Sale						
Adjustment		\$0	\$0	\$0	\$0	\$0
Market Conditions	Jul-23	<i>Feb-23</i>	<i>Feb-23</i>	<i>Dec-22</i>	<i>Nov-21</i>	<i>Jan-22</i>
Adjustment		0%	0%	-1%	-2%	-1%
Adjusted Price (\$ per Unit)		\$238,333	\$318,750	\$263,723	\$254,270	\$217,539
Property Adjustments						
Location		<i>Inferior</i> 10%	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Inferior</i> 15%	<i>Inferior</i> 10%
Project Size - Units	76	30 -10%	32 -10%	119 10%	37 -10%	76 0%
Average Unit Size (SF)	325	467 -5%	753 -10%	778 -10%	767 -10%	850 -10%
Year Built	1968	1964 0%	1964 0%	1962 0%	1986 0%	1956 0%
Condition		<i>Inferior</i> 5%	<i>Inferior</i> 5%	<i>Inferior</i> 5%	<i>Inferior</i> 5%	<i>Inferior</i> 5%
Project Amenities		<i>Superior</i> -5%	<i>Superior</i> -5%	<i>Superior</i> -5%	<i>Similar</i> 0%	<i>Similar</i> 0%
Total Property Adjustments		-5%	-20%	0%	0%	5%
Indication for Subject:		\$226,417	\$255,000	\$263,723	\$254,270	\$228,416

CONCLUSION OF SALES COMPARISON APPROACH

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$219,737	\$226,417
Maximum	\$318,750	\$263,723
Median	\$259,459	\$254,270
Average	\$260,533	\$245,565

After adjustment, the comparables support a range of value indications from \$226,417 - \$263,723 per unit, a median of \$254,270 per unit, and an average \$245,565 per unit. We placed primary reliance on the data set's median as it eliminates outliers to reconcile a price per door of \$255,000.

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value Per Unit	\$255,000
No. Units	x 76
	\$19,380,000
Rounded to nearest \$50,000	\$19,400,000
Per Unit	\$255,263

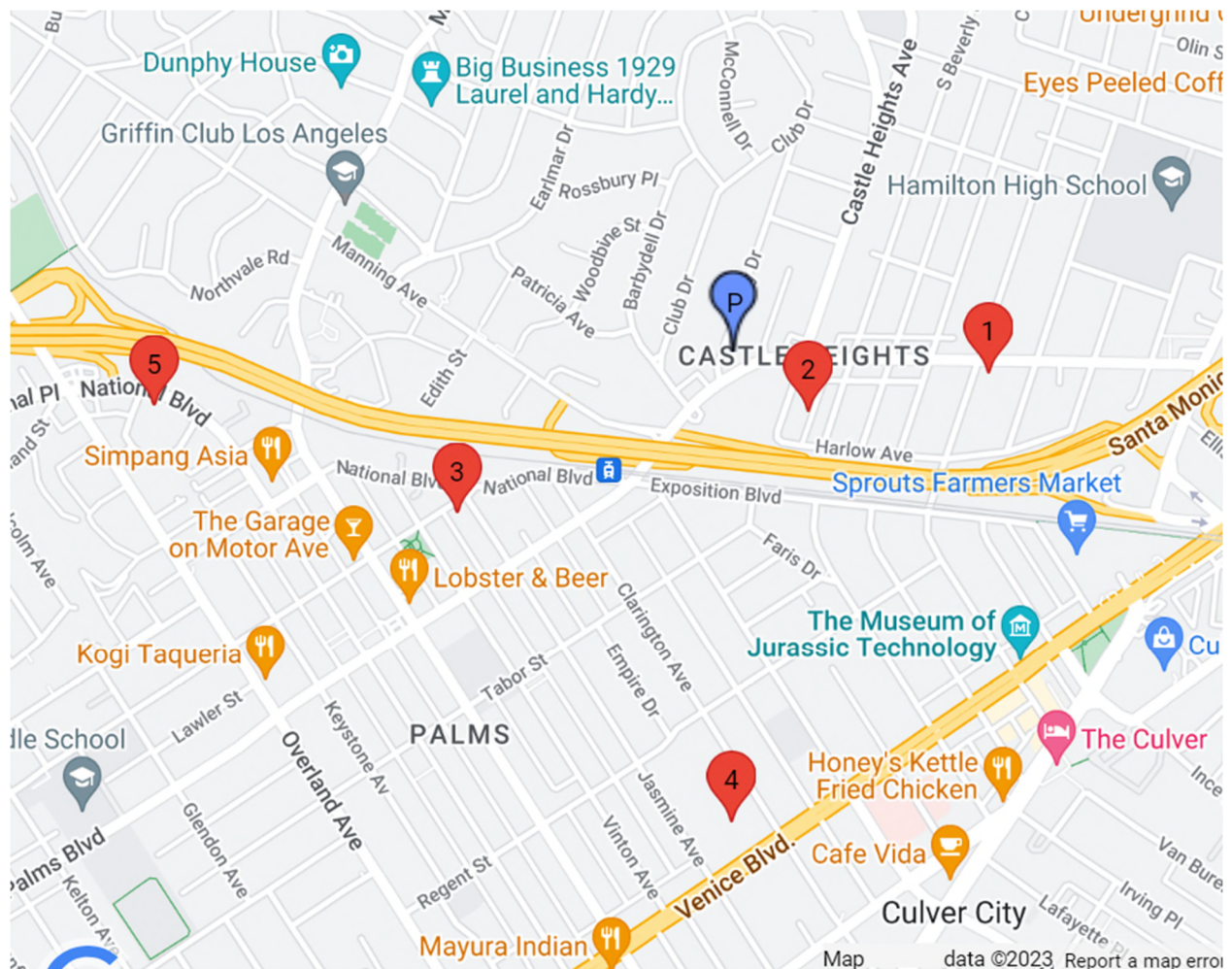
INCOME CAPITALIZATION APPROACH – HYPOTHETICAL - UNENCUMBERED

Per the client's request, we have provided a hypothetical market value of the subject property as an unencumbered market rate property.

MARKET RENTAL ANALYSIS

The following map illustrates the locations of the comparable rental properties relative to the subject. Please refer to the Addenda for detailed data sheets on each comparable.

Comparable Rental Map



COMPARABLE PROPERTIES

COMPARABLE RENTAL SURVEY - UNENCUMBERED						
No.	Property Name	No. Units	Year Built / Renovated	Avg Unit Size (SF)	Avg Asking Rent (\$/mo.)	Avg Asking Rent (\$/SF)
1	9344 National Blvd. Apartments	25	1971	400	\$1,450	\$3.63
2	Waterstone at Metro	120	1986 / 2006	621	\$2,671	\$4.30
3	10210 Woodbine St	16	1968	672	\$2,245	\$3.34
4	Clarington	157	1978	760	\$2,768	\$3.64
5	Cheviot Capri	24	1958	646	\$565	\$0.87
	Minimum	16	---	400	\$565	\$0.87
	Maximum	157	---	760	\$2,768	\$4.30
	Average	68	---	620	\$1,940	\$3.16

The preceding comparable properties are analyzed in the following table in order to estimate market rent for the subject property.

Studio Units

UNIT-BY-UNIT ANALYSIS - UNENCUMBERED RENOVATED – Studio/Efficiency						
Comp	Year Built /			Size	Rental Rate	
Subject	Terraza of Cheviot Hills	1968/2024 (proposed)	Studio	325	\$1,700	\$5.23
2	9344 National Blvd. Apartments	1971	Studio	400	\$1,450	\$3.63
6	Cheviot Capri	1958	Studio	400	\$1,695	\$4.24
3	Waterstone at Metro	1986/2006	Studio	476	\$2,339	\$4.91
4	10210 Woodbine St	1968	Studio	550	\$2,245	\$4.08
5	Clarington	1978	Studio	625	\$2,430	\$3.89
Rental Range (\$/mo.): \$1,450 to \$2,430			Average: \$1,977			
Rental Range (\$/SF): \$3.63 to \$5.23			Average: \$4.33			
Unit Size (SF): 325 to 625			Average: 463			

The subject features 76, 325 -square foot Studio units. After conducting a market rent survey, we found that the subject's studio units are within the range of other studio units in the market area and should command a lower rental rate compared to the data set's average of \$1,1977.

Considering comparable rents and the discrepancy between unit amenities and sizes, we reconciled the average market rents for the subject's 325 square foot Studio unit type at **\$1,700 /month**. The value is on the lower end of the comparable range due to the subject's small size. Further, this value is considered reasonable as it is within the rental range of the comparables.

MARKET RENT CONCLUSIONS

Following are the concluded market rents for the subject property on a monthly basis.

MARKET RENTAL RATES - UNENCUMBERED					
Type	No.	Size (SF)	Rent/Mo.	Rent/SF	Total
Studio	76	325	\$1,700	\$5.23	\$129,200
Total/Avg	76	325	\$1,700	\$5.23	\$129,200

The concluded average rental rate per square foot is within the range presented by the comparable rental properties. The concluded rental rates are considered to be consistent with the market.

POTENTIAL GROSS INCOME

The valuation analysis of the subject assumes all units are occupied at market rent. We have deducted the rent attributable to the manager's unit to conclude the subject's unencumbered PGI. We have only included a single studio unit as a manager's unit, as there does not need to be a second per California requirements.

TOTAL POTENTIAL GROSS INCOME - UNENCUMBERED		
	Monthly	Annual
Subject	\$129,200	\$ 1,550,400
Vacancies	-	-
Employee Units Adjustment	(1,700)	(20,400)
Total	\$127,500	\$1,530,000

The valuation analysis of the subject is fee simple. Therefore, we are applying concluded market rents to all units (inclusive of the employee unit), the gross annual potential for the subject property, as if unencumbered, is (\$1,530,000 (\$127,500 /mo. × 12 months)).

VACANCY AND COLLECTION LOSS

Vacancy data for the market, submarket and subject is summarized in the following table.

VACANCY & COLLECTION LOSS CONCLUSION	
Indicator	Vacancy Rate
Market	
Regional	4.37%
Submarket	4.77%
Concluded Vacancy & Collection Loss	3.0%

We projected a vacancy rate of 3.00% for the unencumbered operations for the subject, which is slightly below the subject's regional market. Though the submarket states a lower vacancy, we were conservative in our projections.

OTHER INCOME

This income category includes services such as late charges, pet fees, storage, damage, and cleaning fees. This income category can fluctuate due to any number of reasons including rental market, the economy, or increased turnover.

ANCILLARY INCOME (PER UNIT)		
Income Item	Budget	BBG
		Forecast
Laundry	77	75
Total Ancillary Income	77	75

The provided pro forma forecasted ancillary income of \$77 per unit coming from laundry. We relied on the provided budget when forecasting the laundry income of \$75 per unit monthly.

OPERATING EXPENSE ANALYSIS

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. However, the developer's operating budget was provided and taken into consideration when forecasting expense items. Each of the respective expense items is estimated in the following analysis with consideration given to comparable expense data from the local market and the provided pro forma budget.

COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of market data, using both per unit and per square foot bases. The following table summarizes the expenses from other unencumbered market rate multifamily properties in the market area. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail. The management fee for a property is typically based upon a percentage of the EGI, which is denoted separately.

COMPARABLE EXPENSES								
County, St	Southern CA		Southern CA		Southern CA		Southern CA	
Year Built	1975		1964		1955		1984	
No. Units	~95		~40		~35		~50	
Average Unit Size (SF)	820		663		528		660	
Year Operations	2021 T-12		2021 annualized		T-12 2021		T-12 2021	
Expense	per Unit		per Unit		per Unit		per Unit	
Real Estate Taxes	762				2,299		1,470	
Insurance	362		0.44	262	0.40	209	0.40	456
Utilities	1,426		1,459		435		1,302	
Maintenance & Repairs	873		1,107		726		616	
Management	1,167		4.5%	804	4.4%	397	2.7%	1,079
Payroll	1,464		218		162		162	
General Administration	171		127		24		218	
Total Expenses	5,313		3,977		4,253		5,303	
Total Expenses w/o Taxes	4,551		3,977		1,954		3,832	

Additionally, an annual survey of apartment operating property data is published by IREM (Institute of Real Estate Management) is included for reference. As is the case with the previous operating expense data, various methods of categorization—both by the property management and IREM—preclude an exact item-by-item comparison for all expenses. Nevertheless, the IREM data provides a reasonable basis for comparison.

Administrative

Administrative expenses are subcategorized into three separate expense items, as shown in the following table.

ADMINISTRATIVE EXPENSES (PER UNIT) - ENCUMBERED				
Expense Item	Expense Comps		Budget	BBG
	Range	Average		Forecast
Management	397–1,167	862	-	1,084
Payroll	162–1,464	502	4,161	1,200
Security	4	4	6,224	50
General Admin.	24–218	135	13,786	135
Total Administration	584–2,806	1,499	24,170	2,469

Payroll expenses include the cost of office and maintenance salaries and wages, payroll taxes, workmen's compensation, and group insurance. We have applied a forecasted payroll expense of \$1,200 per unit, which reflects the cost of on-site staff. The payroll forecasted payroll expense is within the expense comparables and is reasonable. The budgeted payroll expense includes additional services that are not typical so we have placed more reliance on expense comparables and our knowledge of similar properties and underwriting standards.

We have applied a forecasted advertising expense of \$50 per unit.

We have applied a forecasted security expense of \$50 per unit. We relied on our experience with similar properties when forecasting this expense. We believe the budgeted security expense provided includes several other additional atypical expenses.

We have relied on the comparable expense data for General and administrative expense projections, we have projected this expense at \$135 per unit. We deemed this expense more suitable than the provided budget's expense, because we're assuming unencumbered conditions.

Total administrative costs are projected This expense covers the cost of executive management of the property. The market generally commands 3% to 5% of EGI for professional management of a property, depending upon the income levels of the property and the potential of the area. The expense sources are shown as a percentage of effective gross income. We have concluded within the comparable range.

MANAGEMENT FEE (% of EGI)			
Expense Comps	BBG		
	Range	Average	
	2.7%–6.7%	4.6%	-
			3.0%

Operating

The most reliable indicator for utility expenses is the history of the subject. The subject is not separately metered for utilities. For the comparables, trash removal is included with utilities. Repairs & Maintenance pertains to general upkeep of the property and for the comparables include painting and decorating expenses associated with turnover costs of units as they are vacated. Services such as yard maintenance and pest control are included in maintenance costs.

OPERATING EXPENSES (PER UNIT)				
Expense Item	Expense Comps		Budget	BBG
	Range	Average		Forecast
Total Utilities w/ Trash	435–1,459	1155	5,554	1,500
Grounds	-	-	271	270
Maintenance & Repairs	616–1,107	830	3,289	400
Total Operating	1051-2566	1,985	9,114	2,170

We have projected all operating expenses based on comparable expense data, the provided pro forma budget, and our experience with similar properties.

Utilities was projected based on the top of the expense comparable range.

We relied on the provided proforma budget when projecting the grounds expense

Maintenance and repairs were estimated below the expense comparable range to take into account the smaller unit sizes of the subject and brand new improvements.

INSURANCE (PER SQ.FT.)			
Expense Comps			BBG
Range	Average	Budget	Forecast
0.40–0.69	0.48	10.12	0.60

We have projected an insurance cost which is consistent with similar properties that the appraisers are familiar with. This value is on the higher end of the expense comparable range as the units are smaller and require a higher insurance cost per square foot. The projected estimate is reasonable as it is within the expense comparable range.

Real Estate Taxes

The level of ad valorem taxes and special assessments collected by the various taxing authorities is described in the Real Property Taxes and Assessment section of this report. As previously discussed, real estate taxes are projected at based on unencumbered (market). Year 1 property taxes are shown below under the unencumbered scenario.

TAX PROJECTION - UNENCUMBERED RENOVATED	
Assessed Value	\$20,100,000
Taxable Value	\$20,100,000
Tax Rate (per \$100)	1.165520
Property Taxes	\$234,270
Special Assessments	4,269
Total Property Taxes	\$238,538
per Unit	\$3,139

Replacement Reserves

This expense accounts for the eventual required replacement of short-lived items such as carpeting and drapes, ranges and refrigerators, flooring, disposals, pavement, and roofs. The appraisers have had considerable experience with the review of engineering reports specifically designed at estimating the annual reserves for replacement for apartment complexes throughout the country. The subject property was built in 1968 with an average unit size of 325 SF. Upon completion, the subject will have new interior finishes, upgraded electrical and plumbing, and new appliances. We have projected a replacement reserves expense at \$150 per unit based on our experience with similar properties and comparable data.

TOTAL EXPENSES & REPLACEMENT RESERVES

For all expenses, we relied upon the subject's actual operating history and market data. In order to provide a more equitable basis of comparison, taxes and reserves are excluded from the comparable properties and the subject.

EXPENSE COMPARISON* – UNENCUMBERED			
Source	\$/SF	\$/Unit	Expense Ratio
Expense Comps	\$3.70–\$6.00	\$1,954–\$4,551	13.3%–23.8%
Average	\$5.26	\$3,579	19.1%
IREM	\$5.56	\$4,705	29.6%
Budget	\$70.32	\$22,854	62.5%
Forecast – Unencumb.	\$22.74	\$7,392	37.7%

* Taxes and replacement reserves are excluded as basis of comparison.

The forecast figures are above the expense comparables on a per square foot basis and towards the upper limits of the range on a per unit basis. However, this is expected due to the subject's micro studio units that are only 275 SF each. The forecasted expense ratio is considered a reasonable projection of the anticipated operations of the property as it is within the range of the expense comparable ratios provided.

NET OPERATING INCOME - UNENCUMBERED

Following is a summary of the income and expense projections for the subject as of the date of inspection.

DIRECT CAPITALIZATION – Unencumbered		
Income	FY 2023	\$/Unit
Base Rental Income	\$ 1,530,000	\$20,132
Laundry	5,700	75
Total Potential Gross Income	\$1,535,700	20,207
Vacancy & Collection Loss @ -3.0%	(45,900)	(604)
Effective Gross Income	\$1,489,800	\$19,603
Operating Expenses		
General Administration	\$10,260	\$135
Payroll	91,200	1,200
Total Utilities w/ Trash	114,000	1,500
Security	3,800	50
Grounds	20,520	270
Management (3.0%)	44,694	588
Maintenance & Repairs	30,400	400
Insurance	14,820	195
Real Estate Taxes	229,214	3,016
Replacement Reserves	11,400	150
Total Expenses	\$574,108	\$7,554
NET OPERATING INCOME (NOI)	\$915,692	\$12,049

INCOME CAPITALIZATION

MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The table on the following page summarized capitalization rates extracted from the comparable sales transactions.

CAPITALIZATION RATE SUMMARY					
No.	Property / Location	Date of Sale	Year Built	NOI/Unit	Capitalization Rate
1	430 S Gramercy Pl -, Los Angeles, CA	Feb-23	1964	\$11,917	5.00%
2	3252 Overland Avenue Apartments, Los Angeles, CA	Feb-23	1964	\$14,188	4.45%
3	The Diplomat Apartments, Los Angeles, CA	Dec-22	1962	\$9,324	3.50%
4	2501 West View Street, Los Angeles, CA	Nov-21	1986	\$9,163	3.53%
5	3900 Nicolet Avenue Apartments, Los Angeles, CA	Oct-21	1956	n/a	n/a
Low				\$9,163	3.50%
High				\$14,188	5.00%
Median				\$10,620	3.99%
Average				\$11,148	4.12%

As shown in the previous table, the cap rates for multifamily properties range from 3.50% to 5.00%, and averages 4.12%.

With market rate (unencumbered) properties, a primary driver of cap rates is the spread between market and contract rent. A secondary driver is perceived risk. Given the subject's newly renovated units with market rents applied, and its smaller units which typically allow for more turnover, we would expect the subject to command a higher capitalization rate than the data range average. Further, the subject property's NOI per unit of \$11,926 under unencumbered conditions would be above the average, lending support to a slightly higher than average cap rate of 4.5%.

We have concluded an overall capitalization rate of **4.5%**, which is within with the comparable range.

INVESTOR SURVEY

INVESTOR SURVEYS		
Survey/Investment Type	OAR Range	Average
PwC Real Estate Investor Survey (1Q 2023)		
Apartment	3.50% - 8.00%	4.90%
Situs RERC Real Estate Report (1Q 2023)		
Apartment	3.90% - 6.00%	4.70%
Indicated OAR:	3.50% - 8.00%	4.80%

Due to the age of the property, it would likely not attract the attention of institutional investors. However, it would likely garner relatively strong interest from regional investors. Historically, multifamily properties located in the West Coast states and, particularly, in California perform better than the overall national market. Thus, the subject warrants a capitalization rate near the lower limits of this range.

CONCLUDED OVERALL RATE

Based upon the range of overall rates suggested by comparable sales, and our discussions with area brokers, we reconciled an overall capitalization rate of **4.5%**.

SUMMARY CAPITALIZATION RATE AND CONCLUSION	
Method	Capitalization Rate
Market Extraction	4.50%
Investor Surveys	4.75%
Primary Weight	Market Extraction
Secondary Weight	Market Participants
Capitalization Rate Conclusion	4.50%

VALUE INDICATION FROM DIRECT CAPITALIZATION - UNENCUMBERED

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate. Our conclusion via the Direct Capitalization Method is as follows, as previously discussed.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION – Unencumbered		
NET OPERATING INCOME	\$905,785	\$11,918
Based on Most Probable Rate of 4.50%	\$20,128,558	\$264,849
Rounded to nearest \$50,000	\$20,150,000	\$265,132

INCOME CAPITALIZATION APPROACH – AS IF COMPLETED AND STABILIZED - ENCUMBERED

GENERAL PROCESS

In the Income Capitalization Approach, the value indication is based on the property's capacity to generate income. The following steps are taken to capitalize estimated net operating income into an opinion of value.

- Estimate potential gross income.
- Estimate vacancy and collection loss.
- Estimate anticipated operating expenses.
- Select and apply the appropriate capitalization and discount techniques.

INCOME ANALYSIS

The subject property is an existing assisted living community that is proposed for renovation and conversion to a interim supportive housing project. The subject is a part of Project Homekey Round 3.0, where the Los Angeles Housing department (LAHD) will provide a loan for the conversion and operations of the subject once converted. The subject's potential gross income is a function of subsidized income reported by the client to be \$ 2,774,000 annually. Per client, this is the amount provided by the city annually. At interim housing, food, resident services, and building operations are provided. Noteworthy, the subject does not have a rent roll. The subject will contain 76 studio units.

Projected Annual Income from Budget Provided

Subsidy Source	Subsidy Program	Initial Term of Subsidy (years)	Number of Subsidized Units	Total Annual Subsidy	Total Subsidy
City of LA interim	City of LA Interim	15	76	\$ 2,774,000	\$41,610,000

UNIT MIX

All utilities (i.e., electricity, gas water, sewer, trash) are paid by the owner. The below unit mix was estimated from the gross building area and the inspection. A rent roll/unit mix with individual unit sizes was not provided.

UNIT SUMMARY			
Type	No.	Size (SF)	NRA (SF)
Studio	76	325	24,700
Total/Avg	76	325	24,700

MARKET RENTAL ANALYSIS

A full market rent survey was conducted and can be found in the Unencumbered Income Capitalization analysis section of this report. We will summarize the market rent conclusion here for the sake of the encumbered analysis, also based on market rate rents as mentioned above.

TOTAL POTENTIAL GROSS INCOME - INTERIM - ENCUMBERED			
	Rent/Mo	Monthly	Annual
Annual Subsidy	\$3,041.67	\$231,167	\$ 2,774,000
Total	\$3,041.67	\$231,167	\$ 2,774,000

A monthly rental income of \$3,041.67 can be attributed to each unit. One of the units is an employee unit. Typically, an employee adjustment is made, however, the subsidy information provided was a lump sum and covers the employee unit.

VACANCY AND COLLECTION LOSS

As discussed previously in the report, the overall vacancy rates in the subject's area have been falling and occupancy rates are strong. Additionally, the demand for affordable supportive housing typically tracks well above the demand for traditional market rate rental units. The state of California is functioning with a chronic deficit of affordable housing. We surveyed 5 competitive market-rate rental properties in the general vicinity, which comprised a total of 342 units—of which 342 units reported occupancy levels.

Per Costar, vacancy in the Greater Culver City Submarket is 4.77% and the overall Los Angeles Market reports a 4.37% vacancy rate. This figure is reflective of vacancy for traditional multi-family housing; vacancy rates for affordable housing in California is typically lower with most properties at 100% occupancy with waiting lists.

To conclude a vacancy rate, we have taking into consideration the current vacancy levels in the market and submarket, and the vacancy of the report comparables. ***We have concluded to a 1.0% vacancy and collection loss for the subject property under encumbered operations. Due to the renovated state of the subject property upon completion and its affordable status, we believe that a lower vacancy factor is reasonable.***

BAD DEBT / COLLECTION LOSS

In addition to physical vacancy loss and losses attributable to concessions, Loss to lease, the subject will also suffer losses due to rental write offs, bad debt, etc.

However, given the affordable status of the subject property, it will be reimbursed for the majority of its rental income and thus this expense was included within the vacancy conclusion.

OTHER INCOME

This income category includes services such as late charges, damage, and cleaning fees. This income category can fluctuate due to any number of reasons including rental market, the economy, or increased turnover. We are also including parking, laundry, and vending income in this category, given that the developer did not provide projected income from these sources though the property can generate this type of additional income.

The surveyed expense comparables reported other income which ranged from 0.2% to 7.5% with an average of 3.6%. ***We have NOT included other income under the encumbered operations scenario as it is not customary to charge for amenities in affordable housing communities.***

EFFECTIVE GROSS INCOME

Typically, we would compare the previous years' EGI with the projected EGI. Given that the subject will undergo a change of use, we are presenting the projected EGI only. The projected EGI under an encumbered expense and tax scenario is shown below.

OPERATING EXPENSE ANALYSIS

Because we were provided with a Proforma budget that was based on encumbered conditions, but no historical expenses. We have estimated all expenses based on the Proforma budget and expense comparables shown in the previous section of this report.

Administrative

Administrative expenses are subcategorized into four separate expense items, as shown in the following table.

ADMINISTRATIVE EXPENSES (PER UNIT) - ENCUMBERED				
Expense Item	Expense Comps		Budget	BBG Forecast
	Range	Average		
Management	397–1,167	862	-	1,084
Payroll	162–1,464	502	4,161	1,200
Security	4	4	6,224	50
General Admin.	24–218	135	13,786	135
Total Administration	584–2,806	1,499	24,170	2,469

Payroll expenses include the cost of office and maintenance salaries and wages, payroll taxes, workmen's compensation, and group insurance. We have applied a forecasted payroll expense of \$1,200 per unit, which reflects the cost of on-site staff. The payroll forecasted payroll expense is within the expense comparables and is reasonable. The budgeted payroll expense includes additional services that are not typical so we have placed more reliance on expense comparables and our knowledge of similar properties and underwriting standards.

We have applied a forecasted security expense of \$50 per unit. We relied on our experience with similar properties when forecasting this expense. We believe the budgeted security expense provided includes several other additional atypical expenses.

We have relied on the comparable expense data for General and administrative expense projections, we have projected this expense at \$135 per unit. This expense is aligned with the expense comparable average

Social Services

Project Homekey 3 requires supportive services to be made available to Homekey tenants and participants based on their needs. Social services encompass a wide range of programs and activities, including but not limited to health care, housing support, food assistance, counseling and mental health services, employment and job training, education and literacy programs, and substance abuse treatment.

The client provided a social services expense of \$390,000 which equates to \$5,132 per unit.

Management

Total administrative costs are projected This expense covers the cost of executive management of the property. The market generally commands 3% to 5% of EGI for professional management of a property, depending upon the income levels of the property and the potential of the area. The expense sources are shown as a percentage of effective gross income. We have concluded within the comparable range.

MANAGEMENT FEE (% of EGI)			
Expense Comps			BBG
Range	Average	Budget	Forecast
2.7%–6.7%	4.6%	-	3.0%

Operating

The most reliable indicator for utility expenses is the history of the subject. We were not provided with operating history for the subject. However, we were provided with a budget proforma by the client. The subject is not separately metered for utilities. For the comparables, trash removal is included with utilities. Repairs & Maintenance pertains to general upkeep of the property and for the comparables include painting and decorating expenses associated with turnover costs of units as they are vacated. Services such as yard maintenance and pest control are included in grounds costs.

OPERATING EXPENSES (PER UNIT)				
Expense Item	Expense Comps			BBG
	Range	Average	Budget	Forecast
Total Utilities w/ Trash	435–1,459	1155	5,554	1,500
Grounds	-	-	271	270
Maintenance & Repairs	616–1,107	830	3,289	400
Total Operating	1051-2566	1,985	9,114	2,170

We have projected all operating expenses based on comparable expense data, the provided pro forma budget, and our experience with similar properties.

Utilities was projected based towards the top of the expense comparable range.

We relied on the provided proforma budget when projecting the grounds expense. Maintenance and repairs were estimated below the expense comparable range to take into account the smaller unit sizes of the subject and brand new improvements.

Insurance

INSURANCE (PER SQ.FT.)			
Expense Comps			BBG
Range	Average	Budget	Forecast
0.40–0.69	0.48	10.12	0.60

We have projected an insurance cost with consideration given to the comparable range and the budgeted data, as the budgeted data is above market standards. Although the insurance on a PSF is high, this is due to the small size of the units and the insurance expense estimate is bracketed on a per unit basis by the expense comparables.

Real Estate Taxes

The level of ad valorem taxes and special assessments collected by the various taxing authorities is described in the Real Property Taxes and Assessment section of this report. As previously discussed, real estate taxes are projected at based on encumbered (assuming that the subject is owned by a qualifying non-profit entity and is a real estate

tax exempt property). Under the later scenario, only special assessments would be owed. Year 1 property taxes are shown below.

TAX PROJECTION - ENCUMBERED RENOVATED	
Direct Cap Conclusion	\$43,500,000
Taxable Value	\$0
Tax Rate (per \$100)	1.165520
Property Taxes	\$0
Special Assessments	\$4,269
Total Property Taxes	\$4,269
per Unit	\$56

Replacement Reserves

This expense accounts for the eventual required replacement of short-lived items such as carpeting and drapes, ranges and refrigerators, flooring, disposals, pavement, and roofs. The appraisers have had considerable experience with the review of engineering reports specifically designed at estimating the annual reserves for replacement for apartment complexes throughout the country. The subject property was built in 1968 with an average unit size of 325 SF. Upon completion, the subject will have new interior finishes, upgraded electrical and plumbing, and new appliances. We have projected a replacement reserves expense at \$150 per unit based on our experience with similar properties and comparable data.

DIRECT CAPITALIZATION – Encumbered		
Income	FY 2023	\$/Unit
Base Rental Income	\$ 2,774,000	\$36,500
Total Potential Gross Income	\$2,774,000	36,500
Vacancy and Collection Loss (1.0%)	(27,740)	(365)
Effective Gross Income	2,746,260	\$36,135
Operating Expenses		
General Administration	26,600	\$350
Payroll	91,200	1,200
Total Utilities w/ Trash	114,000	1,500
Security	3,800	50
Grounds	20,520	270
Management (3.0%)	82,388	1,084
Maintenance & Repairs	30,400	400
Insurance	14,820	195
Real Estate Taxes	4,269	15
Replacement Reserves	11,400	150
Social Services	390,000	5,131.58
TOTAL EXPENSES	\$789,396	\$10,387
NET OPERATING INCOME	\$1,956,864	\$25,748

INCOME CAPITALIZATION

MARKET DERIVATION

Based upon the range of overall rates suggested by sales of multifamily sales, as presented in the previous section, we conclude to an overall capitalization rate of **4.5%**.

VALUE INDICATION FROM DIRECT CAPITALIZATION – ENCUMBERED – AS COMPLETE AND STABILIZED

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate.

Our prospective market value conclusion via the Direct Capitalization Method is as follows, as previously discussed.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION – Encumbered		
NET OPERATING INCOME	\$1,956,864	\$25,748
Based on Most Probable Rate of 4.50%	\$43,485,867	\$572,182
Rounded to nearest \$50,000	\$43,500,000	\$572,368

In order to derive the market value for the subject property, as is, deductions for renovation costs, rent loss and entrepreneurial profit are necessary. These items are reiterated below:

We must deduct all costs associated with leasing the vacant space to reach our As-Is Valuation.

The subject is scheduled to undergo a change of use and extensive remodel, planned immediately after close of escrow. After purchase, the buyer will renovate the property, converting it from an assisted living community into an affordable supportive multifamily residential property. The client provided an estimate for renovation costs of \$11,315,290. Renovations consist of adding kitchenettes to each unit and cosmetic renovations. **We have deducted \$11,315,290 for renovation costs.**

The renovation is expected to take place within 9 months of the date of value; we have estimated the date of completion and stabilization to be April 13, 2024. We have included a rent loss equivalent to 9 months of market rate rents. **We have deducted (2,080,500) for 9 months of lost rent. We have also included a 20.0% entrepreneurial profit incentive.**

The table below summarizes our concluded market value for the subject property, as is, via the income approach. The indicated “as is” value is above the purchase price of \$27,300,000.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS IS		
Market Value "As Stabilized"	\$	43,500,000
Less:		
Renovation Costs		(\$11,315,290)
Lost Rent		(2,080,500)
Entrepreneurial Profit		(2,679,158)
Adjusted Value, "As Is"	\$	27,425,052
Rounded to nearest \$50,000		\$27,450,000

RECONCILIATION

SUMMARY OF VALUE INDICATIONS

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. We have also provided a Land Value at the request of the client.

VALUE INDICATIONS			
As Is as of July 13, 2023- Encumbered			
Income Capitalization Approach			
Direct Capitalization	\$27,450,000	\$361,184	Per Dwelling Unit
Value Conclusion - As Is	\$27,450,000	\$361,184	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As Complete And Stabilized as of April 13, 2024- Encumbered			
Income Capitalization Approach			
Direct Capitalization	\$43,500,000	\$572,368	Per Dwelling Unit
Approach Reliance	Income Approach		
Value Conclusion - As Complete And Stabilized	\$43,500,000	\$572,368	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As If Complete And Stabilized as of April 13, 2024- Unencumbered			
Sales Comparison Approach	\$19,400,000	\$255,263	Per Dwelling Unit
Income Capitalization Approach			
Direct Capitalization	\$20,150,000	\$265,132	Per Dwelling Unit
Approach Reliance	Income Approach		
Value Conclusion - As If Complete And Stabilized	\$20,150,000	\$265,132	Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		
As Is as of July 13, 2023- As Assisted Living Senior Housing			
Land Value	\$15,700,000	\$349.92	Per Site Area SF
Sales Comparison Approach	\$27,350,000	\$359,868	Per Dwelling Unit
Value Conclusion - As Is	\$27,350,000		Per Dwelling Unit
Exposure Time (Months)	6		
Marketing Time (Months)	6		

The Cost Approach does not reflect the actions or motivations of the most likely buyer of a property such as the subject, which was constructed in 1968. Furthermore, the relevance of the Cost Approach is substantially weakened due to the subject's age, given that estimating depreciation in buildings as old as the subject is impractical, rendering the Cost Approach unreliable. Therefore, we have not employed the Cost Approach to develop an opinion of market value. The omission of the Cost Approach does not reduce the reliability or credibility of the appraisal report.

In the Sales Comparison Approach, we compared the subject to similar income producing properties that recently transferred at arm's length in sale and purchase transactions in California. The selected comparables are all properties that would attract the same investor interested in acquiring the subject. Real estate investors ultimately

seek income while considering per-square-foot trends superficially and with secondary attention. The price per square foot analysis performed in this appraisal is not as direct and lacks the higher level of reliability provided by the income capitalization approach. The approach is necessary and is considered but we give it secondary and less weight than is placed on the income capitalization approach toward our final value reconciliations.

The Income Capitalization Approach is applicable, necessary, and essential for estimating the subject's market values. Its methodology directly relates to market actions and the required components were market-derived in sufficient quantity and quality resulting in accuracy and a highly reliable market value estimate. Therefore, the Income Capitalization Approach is strongly weighted in the final value reconciliations.

FINAL OPINION OF VALUE

Based on our inspection of the property, the investigation and the analysis undertaken, subject to the assumptions and limiting conditions, certifications, extraordinary assumptions and hypothetical conditions, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value As Is Encumbered	Leased Fee	July 13, 2023	\$27,450,000
Prospective Market Value As If Complete and Stabilized Encumbered	Leased Fee	April 13, 2024	\$43,500,000
Hypothetical Market Value As If Complete and Stabilized Unencumbered	Fee Simple	April 13, 2024	\$20,150,000
Market Value As is Based on Continued Use as Assisted Living Senior Housing	Fee Simple	July 13, 2023	\$27,350,000

MARKETING TIME AND EXPOSURE TIME

Based on our review of investor surveys, discussions with market participants, and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 6 months, prior to the effective date of this appraisal. This assumes an active and professional marketing plan would have been employed by the current owner.

Based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, our value conclusion represents a price achievable within 6 months, after the effective date of this appraisal. This assumes an active and professional marketing plan will be employed by the current owner under the premise of sale.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1 The statements of fact contained in this report are true and correct.
- 2 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3 I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
- 4 I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 8 My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of .
- 9 The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
- 10 Al Khoshbin has made a personal inspection of the property that is the subject of this report.
- 11 Schuyler Zimmerman provided significant real property appraisal assistance to the person signing this certification.
- 12 Al Khoshbin has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



Al Khoshbin
CA Certified General Appraiser
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akhoshbin@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
 - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment

records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that

may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

Company Overview

BBG OVERVIEW

BBG is one of the nation's largest real estate services firms with more than 45 offices across the country serving more than 4,500 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

For more information, please visit www.bbgres.com

SERVICES

Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Building Services
- + Construction Risk Management
- + HUD
- + Energy Efficiency Services
- + Land Surveying
- + Zoning

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APPRAISER QUALIFICATIONS

Profile

Al Khoshbin is a Senior Appraiser at BBG in the Costa Mesa office. Prior to joining BBG, Al was an Appraiser at CB Richard Ellis, Inc., from 2001 to 2008. He joined BBG in 2009 and now has over 20 years of experience in commercial real estate, including experience with analysis of multi-family product. His experience includes evaluating and analyzing commercial and residential properties, including retail, office, industrial, subdivisions, hospitality, religious facilities, apartment, and condominium properties in a variety of geographic areas with a concentration in California and Nevada.

Professional Affiliations

General Certified Appraiser:
State of California (License No. AG044624)

Education

Bachelor of Science, Major in Real Estate
University of Florida, Gainesville, Florida

Coursework

Appraisal Institute Courses
Appraisal Principles
Appraisal Procedures
Basic Income Capitalization
Sales Comparison Approach
Standards and Professional Practice
National USPAP Course



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Alireza Khoshbin

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 044624

Effective Date: August 17, 2022
Date Expires: August 16, 2024

Loretta Dillon, Deputy Bureau Chief, BRE

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GLOSSARY

Appraisal: (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.⁷

Appraisal Practice: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.⁷

Appraisal Review: (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.⁷

Appraiser: one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.⁷

Appraiser's Peers: other appraisers who have expertise and competency in a similar type of assignment.⁷

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Assignment: a valuation service that is provided by an appraiser as a consequence of an agreement with a client.⁷

Assignment Conditions: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.⁷

Assignment Elements: Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.⁷

Assignment Results: An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.⁷

Bias: a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.⁷

Business Enterprise: an entity pursuing an economic activity.⁷

Business Equity: the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).⁷

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.¹

Cash Equivalency Analysis: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client: the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.⁷

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.¹

Confidential Information:

1: information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

2: Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation *
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.⁷

Cost: the actual or estimated amount required to create, reproduce, replace or obtain a property.⁷

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible: worthy of belief.⁷

Deferred Maintenance: Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real estate contribute to property value.¹

Effective Date: the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.⁷

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.⁷

Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.⁷

Fair Market Value:

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)¹

Fair Share:

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

Feasibility Analysis: a study of the cost benefit relationship of an economic endeavor.¹

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going Concern:

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA):

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁷

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.¹

Insurable Value: A type of value for insurance purposes.¹

Intangible Property (intangible Assets): Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.⁷

Intended Use: the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.⁷

Intended User: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.⁷

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)¹

Jurisdictional Exception: an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.⁷

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Liquidation Value: The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of useable area from the rentable area and then dividing the difference by the useable area:¹

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

Market Value: a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.⁷

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).³

Mass Appraisal: the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.⁷

Mass Appraisal Model: a mathematical expression of how supply and demand factors interact in a market.⁷

Misleading: intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.⁷

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The

Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Personal Inspection: a physical observation performed to assist in identifying relevant property characteristics in a valuation service.⁷

Personal Property: any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.⁷

Physical Characteristics: attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.⁷

Price: the amount asked, offered or paid for a property.⁷

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Real Estate: an identified parcel or tract of land, including improvements, if any.⁷

Real Property: the interests, benefits and rights inherent in the ownership of real estate.⁷

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Relevant Characteristics: features that may affect a property's value or marketability such as legal, economic or physical characteristics.⁷

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Report: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.⁷

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: the type and extent of research and analyses in an appraisal or appraisal review assignment.⁷

Signature: personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.⁷

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

Valuation Service: a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.⁷

Value: the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.⁷

Workfile: data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.⁷

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ² Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵ Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. ⁶ U.S. Treasury Regulations. ⁷ USPAP 2020-2021

LETTER OF ENGAGEMENT



July 10, 2023

Mr. Kevin Murray
President and CEO
Weingart Center Association
566 S. San Pedro Street
Los Angeles, CA 90013

Phone: 213-689-2180
Email: kmurray@weingart.org

RE: Appraisal Report of Terraza of Cheviot Hills, an assisted living community that is located at **3340 Shelby Drive, Los Angeles, CA 90034**

Dear Mr. Murray:

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report of the above referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:	Form an opinion of the As-is Market Value and a Land Value as proposed for Homekey use
Property Rights Appraised:	Fee Simple Estate
Intended Use:	Asset Valuation
Intended Users:	Weingart Center Association
Scope of Work:	All Applicable Approaches. The appraisal will comply with Homekey Round 3 appraisal guidelines and will be used with Homekey Round 3 submission
Inspection:	BBG Inspection
Site/Property Contact:	
	Name:
	Phone:
	Email:
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute

Report Type:	Appraisal Report
Report Format:	Narrative
Fee:	\$8,400 Fee includes up to two hours of consultation time after delivery of the final reports. Any time incurred thereafter will be billed at an hourly rate.
Retainer:	100% at Engagement to be paid by credit card (a \$75 processing fee is applied), wire or ACH
Payment Terms:	Full payment is due at the time of engagement and before beginning work on the appraisal.
Report Copies:	Fee quoted includes all expenses 1 Final PDF
Delivery Date:	7 business days from acceptance and receipt of appraisal fee payment and critical information
Report Delivery Recipients:	If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below: Name(s): Ben Rosen and Drew Matthews Email(s): Ben.rosen@weingart.org ; drewm@weingart.org Acceptance Date: Date of Execution Property Information Request: The following list of items will be needed within 2 days in order to meet the above referenced delivery date: • Appraiser will request the necessary property documents at the time of engagement
	Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated, anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.
Mark Haskell
Managing Director
714.415.0151
mhaskell@bbgres.com

AGREED AND ACCEPTED


[Kevin Murray \(Jul 10, 2023 14:46 PDT\)](#)

Client Signature

July 10, 2023

Date

Assisted Living Facility – 3340 Shelby Drive, Los Angeles, CA 90034

Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal and Consulting Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, consulting services, oral testimony, reports, contracts, or orders into which they may be incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report. "Appraiser" may also mean "Consultant" in a consulting assignment.
3. "Appraisal and Consulting Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal and Consulting Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal or consulting report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

B) Venue and Jurisdiction

THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.

Each party to this Appraisal and Consulting Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal and Consulting Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by third parties is not intended unless

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expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc.

D) Confidentiality

The parties agree that (i) this Appraisal and Consulting Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal and Consulting Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

E) General Assumptions and Limiting Conditions

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal or consulting assignment, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal or consulting assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the written report or oral report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.

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- e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
- h) It is assumed the subject property is not adversely affected by the potential of floods unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any existing or proposed buildings.
- i) Unless otherwise stated within the appraisal report or oral report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report or oral report. Further, unless so stated in the report or oral report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.

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2. If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
3. If provided, the estimated insurable value or cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value or cost purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
4. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. Any appraisal report is based on market conditions existing as of the effective date.
5. Any value opinions reported or expressed apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated for any other application.
6. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7. The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8. Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9. If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10. Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
11. The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12. The submission of the appraisal report constitutes completion of the services authorized and agreed upon unless other services are provided for in this agreement. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any

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subsequent required attendance at conferences, depositions, or judicial or administrative proceedings, unless otherwise defined herein. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.

13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party (including without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

CONTRACT ADDENDUM

Weingart Center Association ("Client") and BBG, Inc. ("Consultant") hereby agree that the following provisions of this Contract Addendum are incorporated into and made part of that certain Appraisal Homekey Proposal between Client and Consultant dated July 10, 2023 (the "Agreement"). In the event of a conflict between the Agreement and this Contract Addendum, the terms of the Contract Addendum shall prevail.

Section 1. Consultant shall provide and at all times during this agreement maintain the following types and limits of insurance protection, to protect Consultant and Client.

- a) Commercial General Liability insurance including, but not limited to, bodily injury, property damage, personal and advertising injury, products and completed operations in an amount not less than \$1,000,000 each occurrence and \$2,000,000 annual aggregate. Such liability protection shall name Consultant as the named insured, shall name Client as an additional insured for both operations and completed operations, and shall include a waiver of all subrogation rights against Client and its insurers. Additional insured status shall be accomplished by an endorsement, acceptable to Client, to Consultant's liability policy.
- b) If automobiles are utilized on Client's property, to perform work for Client or to comply with and duties of Consultant under this agreement, Consultant shall provide and maintain Business Automobile liability insurance in an amount not less than \$1,000,000 each occurrence and annual aggregate, providing protection against allegations of bodily injury and property damage resulting from any vehicle owned or used by Consultant and for anyone with which Consultant subcontracts any work under this agreement.
- c) Workers' Compensation (statutory limit) and Employer's Liability insurance in an amount not less than \$1,000,000 each accident and disease, for all employees of Consultant. Such insurance shall include a waiver of all subrogation rights against Client and its insurers.
- d) Professional liability insurance insuring Consultant against professional errors and omissions for the specific professional services provided under this agreement, in an amount not less than \$1,000,000 each occurrence and \$2,000,000 annual aggregate. If such professional liability insurance is provided on a "claims made" policy form, Consultant shall also maintain a policy retroactive date which is not later than the effective date of this agreement and such retroactive date shall be maintained for at least two years following cessation of all professional services provided under this agreement.
- e) Consultant shall deliver to Client, upon execution of the Agreement, and from time to time thereafter upon request by Client, satisfactory evidence of such insurance coverage in form acceptable to Client. All required insurance must be placed with an insurance carrier reasonably satisfactory to Client. All insurance policies required hereunder shall provide that the insurance policies may only be canceled upon thirty (30) days prior written notice of cancellation to Client, ten (10) days for non-payment of premium due.

Section 2. To the fullest extent permitted by law, Consultant shall indemnify, defend, protect and hold harmless the Client, its officers, directors, shareholders, partners, representatives, agents and employees (collectively, the "Indemnitees"), from and against any and all claims, demands, causes of action, actions, suits, costs, damages, liabilities, losses and expenses, including, without limitation, attorneys' and consultants' fees and expenses (collectively, "Claims"), arising out of or resulting from the performance of Consultant's services under the contract, except and to the extent that any Claim results from the negligence or willful misconduct of an Indemnitee.

Section 3. Consultant agrees to cooperate with Client and Client's lenders in order to facilitate Client's receipt of any necessary financing for the project for which Consultant is providing services. Upon Client's request, Consultant shall execute and cause to be delivered any documentation reasonably requested by any party providing or proposing to provide funding for Client.

Section 4. The parties agree that the relationship of Consultant shall be that of an independent contractor to Client. Nothing contained in the Agreement shall be deemed or construed to (i) make Consultant the agent, servant or employee of the Client, or (ii) create any partnership, joint venture or any other association between Client and Consultant. Any direction or instruction by Client in respect of the services to be performed by the Consultant under the Agreement shall relate to the results that Client desires to obtain from the Agreement, and shall in no way affect Consultant's independent contractor status as described herein.

Section 5. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, familial status, handicap, pregnancy, child birth or related medical condition in the work to be performed under the Agreement, nor shall the Consultant, or any person claiming under or through Consultant, establish or permit any such practice or practices of discrimination or segregation with reference to any work to be performed under this Agreement.

Section 6. Consultant shall not assign its rights in the Agreement, in whole or in part, without the prior written consent of Client. Client shall be entitled to assign its interest in the Agreement to an affiliate (including a limited partnership in which Client or its affiliate is the managing general partner) without the consent of Consultant.

Section 7. Notwithstanding anything to the contrary in the Agreement, Client may terminate the Agreement without cause upon ten days' prior written notice to Consultant, provided that Client compensates Consultant for all work performed in accordance with the Agreement through the effective date of such termination.

CLIENT:

By: _____

Print Name: Kevin Murray

Title: President and CEO

Date: _____

CONSULTANT:

By:  _____

Print Name: Mark Haskell

Title: _____

Date: _____

RENOVATION BUDGET/ PRO FORMA

3. Development Budget Homekey Harborage				
<i>All budget items must be completed as applicable.</i>				
			Non-Residential	
	Total	Residential 100.00%	0.00%	Residential Cost/Unit
Acquisition				
Total Land Cost		0	0	0
Existing Improvements Value	30,400,000	30,400,000	0	400,000
Legal / Title & Recording	40,000	40,000	0	526
Total - Acquisition Costs	30,440,000	30,440,000	0	400,526
Construction				
Demolition		0	0	0
Toxic Abatement		0	0	0
Offsite Improvements		0	0	0
On-site Improvements attributable to unusual conditions		0	0	0
Site Work	300,000	300,000	0	3,947
Structures	4,850,000	4,850,000	0	63,816
Parking		0	0	0
General Requirements	309,000	309,000	0	4,066
Contractor Overhead	206,000	206,000	0	2,711
Contractor Profit	206,000	206,000	0	2,711
General Liability Insurance	88,065	88,065	0	1,159
Prevailing Wage		0	0	0
Total - Construction Costs	5,959,065	5,959,065	0	78,409
Architectural Fees				
Design	200,000	200,000	0	2,632
Supervision	125,000	125,000	0	1,645
Total - Architectural Costs	325,000	325,000	0	4,276
Survey & Engineering				
Total - Survey & Engineering	50,000	50,000	0	658
Construction Interest & Fees				
Construction Loan Interest		0	0	0
Origination Fee		0	0	0
Costs of Bond Issuance				
a) Underwriter Fee		0	0	0
b) Underwriter Counsel		0	0	0
c) Issuer Fee		0	0	0
d) Issuer Financial Advisor		0	0	0
e) Bond Counsel		0	0	0
f) Lender Origination/LOC Fee		0	0	0
g) Lender Counsel		0	0	0
h) Rating		0	0	0
i) Trustee Fee		0	0	0
j) Trustee Counsel		0	0	0
k) Printing		0	0	0
l) CDLAC Fees		0	0	0
m) COI Contingency		0	0	0
Payment & Performance Bond	88,065	88,065	0	1,159
Property Taxes	228,300	228,300	0	3,004
Insurance	350,000	350,000	0	4,605
Title and Recording	25,000	25,000	0	329
Other: Utility Connections	35,000	35,000	0	461
Other: (specify)		0	0	0
Total - Construction Interest & Fees	726,365	726,365	0	9,557
Permanent Financing				
Loan Origination Fee		0	0	0
Credit Enhance. & App. Fee		0	0	0
Title and Recording		0	0	0
Other: (specify)		0	0	0
Other: (specify)		0	0	0
Total - Permanent Financing Costs	0	0	0	0

<i>All budget items must be completed as applicable.</i>			Non-Residential	
	Total	100.00%	0.00%	Residential Cost/Unit
Legal Fees				
Lender Legal Pd. by Applicant		0	0	0
Borrower - Transaction		0	0	0
Borrower - Syndication		0	0	0
Other: Owner Legal	50,000	50,000	0	658
Total - Legal Fees	50,000	50,000	0	658
Reserves				
Operating Reserves	200,000	200,000	0	2,632
Replacement Reserve, Renewable Energy Equip.		0	0	0
Other: Transition Reserve		0	0	0
Total - Reserve Costs	200,000	200,000	0	2,632
Appraisal				
Total - Appraisal Costs	15,000	15,000	0	197
Contingency				
Hard Cost Contingency	893,860	893,860	0	11,761
Soft Cost Contingency	200,000	200,000	0	2,632
Total - Contingency Costs	1,093,860	1,093,860	0	14,393
Other				
TCAC App/Alloc/Monitor Fees		0	0	0
Environmental Audit	30,000	30,000	0	395
Local Development Impact Fees	150,000	150,000	0	1,974
Permit Processing Fees	200,000	200,000	0	2,632
School Fees		0	0	0
Marketing		0	0	0
Leasing (Lease-Up Expense)	100,000	100,000	0	1,316
Leasing (Lease-Up) Fee		0	0	0
Relocation Expenses		0	0	0
Furnishings (common areas)	180,000	180,000	0	2,368
Unit Furnishings (homeless units)	360,000	360,000	0	4,737
Accounting/Audit	35,000	35,000	0	461
Acq/Predev Loan Fees & Expenses		0	0	0
Acq/Predev Loan Interest		0	0	0
Construction Management	128,000	128,000	0	1,684
Deputy Inspection	25,000	25,000	0	329
LACDA - Reservation Fee		0	0	0
Holding Costs		0	0	0
Market Study		0	0	0
Security	108,000	108,000	0	1,421
Green Building Certification		0	0	0
Consultant	45,000	45,000	0	592
Other: (specify)		0	0	0
Other: (specify)		0	0	0
Total - Other Costs	1,361,000	1,361,000	0	17,908
SUBTOTALS	40,220,290	40,220,290	0	529,214
Developer Costs				
Developer Fee	1,535,000	1,535,000	0	20,197
Consultant/Processing Agent		0	0	0
Project Administration		0	0	0
Broker fees paid by owner		0	0	0
Other: (specify)		0	0	0
Total - Developer Costs	1,535,000	1,535,000	0	20,197
TOTAL DEVELOPMENT COSTS	41,755,290	41,755,290	0	549,412

3a. Development Budget Notes & Assumptions

Homekey Harborage

All items must be completed, with details for assumptions, as applicable.

Acquisition	
Total Land Cost	purchase price
Existing Improvements Value	purchase price
Legal / Title & Recording	estimate based on simliar projects
TOTAL	<i>Provide justification if acquisition cost exceeds appraised value.</i>
Construction	
Demolition	
Toxic Abatement	
Offsite Improvements	
On-site Improvements attributable to unusual conditions	
Site Work	estimate based on site review and simliar projects
Structures - Residential Component	estimate based on site review and simliar projects
Structures - Commercial Component	
Parking	<i>Provide a per-space cost</i>
General Requirements	estimate based on site review and simliar projects, complies with requirements
Contractor Overhead	estimate based on site review and simliar projects, complies with
Contractor Profit	estimate based on site review and simliar projects, complies with
General Liability Insurance	1.5% of direct
Prevailing Wage	1.5% of direct
Architectural Fees	
Design	estimate based on simliar projects
Supervision	estimate based on simliar projects
Survey & Engineering	
Total - Survey & Engineering	estimate based on simliar projects
Construction Interest & Fees	
Construction Loan Interest	
Origination Fee	
Costs of Bond Issuance	
a) Underwriter Fee	
b) Underwriter Counsel	
c) Issuer Fee	
d) Issuer Financial Advisor	
e) Bond Counsel	
f) Lender Origination/LOC Fee	
g) Lender Counsel	
h) Rating	
i) Trustee Fee	
j) Trustee Counsel	
k) Printing	
l) CDLAC Fees	
m) COI Contingency	
Payment & Performance Bond	1.5% of direct
Property Taxes	taxes during holding and construction
Insurance	estimate based on simliar projects
Title and Recording	estimate based on simliar projects
Other: Utility Connections	estimate based on simliar projects
Other: (specify)	
Permanent Financing	

Loan Origination Fee	
Credit Enhance. & App. Fee	
Title and Recording	
Other: (specify)	
Other: (specify)	
Legal Fees	
Lender Legal Pd. by Applicant	
Borrower - Transaction	
Borrower - Syndication	
Other: Owner Legal	estimate based on simliar projects, inlcudes all owner legal, all phases
Reserves	
Operating Reserves	6 month reserve
Replacement Reserve, Renewable Energy Equip.	
Other: Transition Reserve	1 year
Appraisal	
Total - Appraisal Costs	estimate based on simliar projects
Contingency	
Hard Cost Contingency	15% of hard costs, recommend for rehab
Soft Cost Contingency	approx. 4%
Other	
TCAC App/Alloc/Monitor Fees	
Environmental Audit	estimate based on simliar projects
Local Development Impact Fees	estimate based on simliar projects, includes school fees
Permit Processing Fees	estimate based on simliar projects
School Fees	included in dev. Impact fees
Marketing - Residential	community and resident outreach
Marketing - Commercial	
Leasing (Lease-Up Expense)	estimate based on simliar projects, all operating costs during lease up
Leasing (Lease-Up) Fee	200 per unit
Relocation Expenses	estimate, will confirm based on futher research and assemsment with relocation consultant
Furnishings (common areas)	all offices interior and exterior common areas
Unit Furnishings (homeless units)	standard PSH best practice unit furnishings
Accounting/Audit	estimate based on simliar projects
Acq/Predev Loan Fees & Expenses	
Acq/Predev Loan Interest	
Construction Management	estimate based on simliar projects
Deputy Inspection	estimate based on simliar projects
LACDA - Reservation Fee	Covers year one monitoring fee
Holding Costs	
Market Study	
Security	estimate based on simliar projects
Green Building Certification	
Consultant	CASP and finance
Other: (specify)	
Developer Costs	
Developer Fee	per HCD requirements
Consultant/Processing Agent	
Project Administration	
Broker fees paid by owner	
Other: (specify)	

4. Operating Budget

Homekey Harborage

	Residential Component	Commercial Component			
	Proposed Budget	Proposed Budget	Proposed Budget	Per Unit Per Month	Per Unit Per Year
Administrative Expenses					
Office Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Emp Benefits & Insurance	\$ 171,200		\$ 171,200	\$ 187.72	\$ 2,252.63
On-site Manager			\$ -	\$ -	\$ -
Maintenance Personnel	\$ 145,000		\$ 145,000	\$ 158.99	\$ 1,907.89
Management Fee			\$ -	\$ -	\$ -
Office Supplies	\$ 8,000		\$ 8,000	\$ 8.77	\$ 105.26
Advertising			\$ -	\$ -	\$ -
Legal	\$ 5,000		\$ 5,000	\$ 5.48	\$ 65.79
Audit expense	\$ 10,000		\$ 10,000	\$ 10.96	\$ 131.58
Security	\$ 473,040		\$ 473,040	\$ 518.68	\$ 6,224.21
Communication	\$ 15,000		\$ 15,000	\$ 16.45	\$ 197.37
Miscellaneous Admin	\$ 693,500		\$ 693,500	\$ 760.42	\$ 9,125.00
Total Administrative Expenses	\$ 1,520,740	\$ -	\$ 1,520,740	\$ 1,667	\$ 20,010
Maintenance Expenses					
Maintenance supplies	\$ 14,000		\$ 14,000	\$ 15	\$ 184
Pest Control	\$ 11,000		\$ 11,000	\$ 12	\$ 145
Repairs Contract	\$ 12,000		\$ 12,000	\$ 13	\$ 158
HVAC repairs & maintenance	\$ 10,000		\$ 10,000	\$ 11	\$ 132
Landscape Contract	\$ 9,600		\$ 9,600	\$ 11	\$ 126
Interior/exterior painting	\$ 5,000		\$ 5,000	\$ 5	\$ 66
Elevator maintenance	\$ 6,500		\$ 6,500	\$ 7	\$ 86
Interior cleaning	\$ 42,000		\$ 42,000	\$ 46	\$ 553
Misc. Maintenance Expense			\$ -	\$ -	\$ -
Extra. Maintenance Expense *			\$ -	\$ -	\$ -
Total Maintenance Expenses	\$ 110,100	\$ -	\$ 110,100	\$ 121	\$ 1,449
Utilities Expenses					
Trash removal	\$ 66,168		\$ 66,168	\$ 73	\$ 871
Electricity	\$ 149,512		\$ 149,512	\$ 164	\$ 1,967
Water/sewer	\$ 171,760		\$ 171,760	\$ 188	\$ 2,260
Gas	\$ 34,640		\$ 34,640	\$ 38	\$ 456
Total Utilities Expense	\$ 422,080	\$ -	\$ 422,080	\$ 463	\$ 5,554
Tax & Insurance Expenses					
Real estate taxes & assessments	\$ 5,000		\$ 5,000	\$ 5	\$ 66
Licenses & Fees			\$ -	\$ -	\$ -
Property & liability insurance	\$ 250,000		\$ 250,000	\$ 274	\$ 3,289
Total Tax & Insurance	\$ 255,000	\$ -	\$ 255,000	\$ 280	\$ 3,355
TOTAL OPERATING EXPENSES	\$ 2,307,920	\$ -	\$ 2,307,920	\$ 2,531	\$ 30,367
Project Reserves					
Operating Reserves			\$ -	\$ -	\$ -
Replacement Reserve	\$ 61,000		\$ 61,000	\$ 67	\$ 803
Transition Reserve			\$ -	\$ -	\$ -
Social Services	\$ 390,000		\$ 390,000	\$ 428	\$ 5,132
TOTAL EXPENSES	\$ 2,758,920	\$ -	\$ 2,758,920	\$ 3,025	\$ 36,302
Partnership Management Fee	\$ 25,000		\$ 25,000	\$ 27	\$ 329

* Funds for this line item will be taken from the replacement reserves.

4a. Operating Budget Notes & Assumptions

Homekey Harbortate

All items must be completed, with details for assumptions, as applicable.

Administrative Expenses	
Office Salaries	
Emp Benefits & Insurance	includes standard insurance, benefit, taxes costs
On-site Manager	estimate based on simliar projects mngr. and asst. mngr.
Maintenance Personnel	estimate based on simliar projects
Management Fee	\$70 pupm
Office Supplies	estimate based on simliar projects
Advertising	
Legal	estimate based on simliar projects
Audit expense	estimate based on simliar projects
Security	night and weekend security
Communication	estimate based on simliar projects
Miscellaneous Admin	
Maintenance Expenses	
Maintenance supplies	estimate based on simliar projects
Pest Control	estimate based on simliar projects
Repairs Contract	estimate based on simliar projects
HVAC repairs & maintenance	estimate based on simliar projects
Landscape Contract	estimate based on simliar projects
Interior/exterior painting	estimate based on simliar projects
Elevator maintenance	estimate based on simliar projects
Interior cleaning	estimate based on simliar projects
Misc. Maintenance Expense	
Extra. Maintenance Expense	
Utilities Expenses	
Trash removal	estimate based on simliar projects, owner pays all utilities
Electricity	estimate based on simliar projects, owner pays all utilities
Water/sewer	estimate based on simliar projects, owner pays all utilities
Gas	estimate based on simliar projects, owner pays all utilities
Tax & Insurance Expenses	
Real estate taxes & assessments	estimate based on simliar projects
Licenses & Fees	estimate based on simliar projects
Property & liability insurance	estimate based on simliar projects
Project Reserves	
Operating Reserves	
Replacement Reserve	500 pupy, per HCD requirement
Transition Reserve (first 3 years only)	
Social Services	see services budget
Partnership Management Fee	standard per funder requirements

5. Operating Subsidies

Homekey Harborage

Subsidy Source	Subsidy Program	Date of Application (actual or anticipated)	Date of Award (actual or anticipated)	Initial Term of Subsidy (years)	Number of Subsidized Units	Total Annual Subsidy	Total Subsidy
City of LA interim	City of LA Interim	n/a	n/a	15	76	\$ 2,774,000	\$ 41,610,000
				Total	76	\$ 2,774,000	\$ 41,610,000

1. Name of Lender/Source

HACLA LACDA TBV, - final amount TBD

Street Address

Contact Name

City/State

Phone Number

Fax Number

Email Address

Committed (menu selection)

(Select)

2. Name of Lender/Source

Street Address

Contact Name

City/State

Phone Number

Fax Number

Email Address

Committed (menu selection)

(Select)

3. Name of Lender/Source

Street Address

Contact Name

City/State

Phone Number

Fax Number

Email Address

Committed (menu selection)

(Select)

Calculation of Rent Subsidy Premium (e.g., Shelter Plus Care, PBV, or PBVASH)

# of Bedrooms	# of Units	Target AMI	Net Monthly TCAC Rent (Net of Utility Allowance)	Net Monthly Subsidy	Difference	Total Monthly Subsidy Premium	Annual Subsidy Premium
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
					-	-	-
	0				-	-	-

6. Unit Mix & Rents

Homekey Harborage

Project Rent Schedule

The most restrictive rents from Funding Sources must be used as the monthly gross rent.

[illegible]

HM- Chronic Homeless	76
----------------------	----

		HM- Chronic Illness (HIV/ AIDS)	0		
		HM- Family	0		
		HM- Individuals	0		
Non-SN Individuals	0	HM- Intellectual/ Dev Disability	0		
Non-SN Family	0	HM- Mental Illness	0		
Non-SN Seniors	0	HM- Seniors	0		
Non-SN Veterans	0	HM- Survivor of DV & HT	0	SN NonHM- Intellect/Dev Disability	0
Market Rate	0	HM- Transition Age Youth (TAY)	0	SN NonHM- Transition Age Youth	0
Manager Unit/s	0	HM- Veterans	0	SN NonHM- Chronic Illness/HIV	0
TOTAL Non-SN Non-HM Units	0	TOTAL SN Homeless Units	76	TOTAL SN Non-HM Units	0

TOTAL # OF UNITS	76
------------------	----

**For Tax Credit Projects, assisted units must be the greater of 15 units or 20% of total project units set aside for a qualifying Special Needs population.*

Manager's Unit(s)

Unit Size	Number of Unit(s)	Monthly Rent	Total Monthly Rent	FT/PT
Studio / SRO		\$ -	\$ -	Full Time
	0	\$ -	\$ -	(Select)
	0	\$ -	\$ -	(Select)
	0	\$ -	\$ -	(Select)
Total Units	0	Subtotal Rents	\$ -	

Market Rate Units

Unit Size	Number of Unit(s)	Monthly Rent	Total Monthly Rent
	0	\$ -	\$ -
	0	\$ -	\$ -
	0	\$ -	\$ -
	0	\$ -	\$ -
	0	\$ -	\$ -
Total Units	0		\$ -

AGGREGATE MONTHLY RENTS FOR <u>ALL</u> UNITS	\$ -
---	------

x 12

AGGREGATE ANNUAL RENTS FOR ALL UNITS	\$ -
---	------

Rent Subsidy Premium

Total Annual Rental Subsidy\$ 2,774,000

Must match information shown in Operating Subsidies Worksheet for Rent Subsidy Premium (D.5).

Commercial Component

Monthly Rent	\$ -	/Mo.
Type of Lease		
Initial Lease Term		Years
Total Annual Commercial Rental Income	\$ -	

Miscellaneous Income

Annual Income from Laundry Facilities	\$ 5,856	
Annual Income from Vending Machines	\$ -	
Annual Interest Income	\$ -	
Other Annual Income (Specify)	\$ -	
Total Miscellaneous Income		\$ 5,856
TOTAL ANNUAL POTENTIAL GROSS INCOME (From Residential Sources)		\$ 5,856

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	\$ -					
Water Heating						
Cooking						
Lighting						
Other (Specify)						
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Is the above utility allowances based on a CUAC estimate?

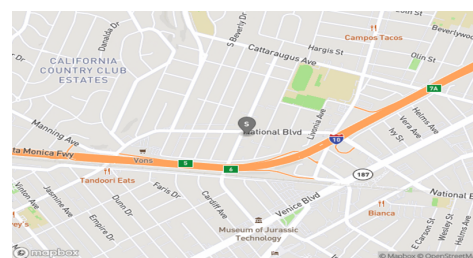
Insert the project's funding sources and the allowable rents that can be charged for each unit type and Area Median Income (AMI) level. Assume TCAC rents for LAHD Funds requested through this NOFA.

Unit Information		Allowable Rents by Funding Source						
Unit Number	Unit Size	% AMI	TCAG	LAUD	Other	Other	Other	Other

[illegible]

COMPARABLE RENTS

Multifamily Rent #1
9344 National Blvd. Apartments
 9344 National Boulevard
 Los Angeles, CA 90034-2966
 Los Angeles County
 BBG Property #778663


Property Data
Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.031098 / -118.3957
Parcel ID #	4311-024-011	Number of Buildings	0
Year Built	1971	Year Renovated	N/A
Quality		Condition	Average/Fair
Class		Construction Details	
Gross Building Area	20,000 SF	Rentable Area	20,000 SF
Multifamily Units	25		
Number of Stories	3	Floor Area Ratio	1.00
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2698.00
Site Size (Gross)	20,000 SF (0.46 acres)	Site Size (Net)	20,000 SF (0.46 acres)
Project Amenities	Laundry Facilities, Elevator		
Unit Amenities	Patio/Balcony		

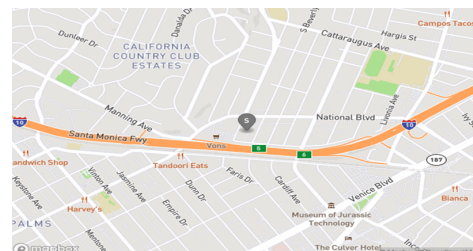
Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Electric, Gas, Water Landlord pays Cable, Management, Sewer, Trash
Occupancy Rate	96%
Confirmed By	7/18/2023 apartment listing - apartments.com

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
25	Studio	400	MKT	\$1,450	\$1,450	\$1,450	\$1,450	unit mix is incomplete
25		400 SF Avg.		\$1,450 Average per Unit \$3.63 Average PSF		\$1,450 Average per Unit \$3.63 Average PSF		

Multifamily Rent #2
Waterstone at Metro
 3324 Castle Heights Avenue
 Los Angeles, CA 90034
 Los Angeles County
 BBG Property #242549



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.030410 / -118.3997
Parcel ID #	4311-006-023	Number of Buildings	0
Year Built	1986	Year Renovated	2006
Quality	Good	Condition	Good
Class	Class B	Construction Details	
Gross Building Area	86,400 SF	Rentable Area	74,472 SF
Multifamily Units	0		
Number of Stories	3	Floor Area Ratio	1.92
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	
Parking	Garage: 138 Total: 138		
Site Size (Gross)	44,919 SF (1.03 acres)	Site Size (Net)	44,919 SF (1.03 acres)

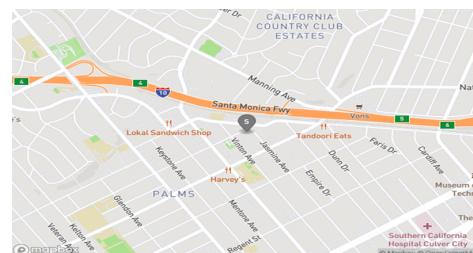
Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Electric, Gas, Sewer, Trash, Water Landlord pays Management
Occupancy Rate	93%
Confirmed By	7/18/2023 property manager

Rental Unit Detail

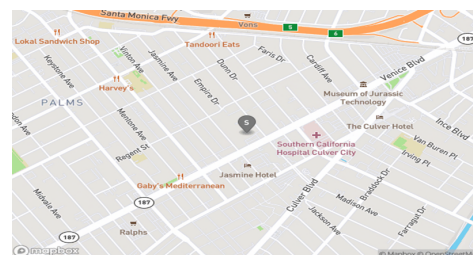
# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
48	Studio	476	MKT	\$2,339	\$2,339	\$2,339	\$2,339	n/a
54	1BR-1BA	670	MKT	\$2,615	\$2,615	\$2,615	\$2,615	n/a
18	2BR-2BA	858	MKT	\$3,721	\$3,721	\$3,721	\$3,721	n/a
120		621 SF Avg.		\$2,671 Average per Unit \$4.30 Average PSF		\$2,671 Average per Unit \$4.30 Average PSF		

Multifamily Rent #3
10210 Woodbine St
 10210 Woodbine Street
 Los Angeles, CA 90034-3734
 Los Angeles County
 BBG Property #764391



Property Data								
Improvement Details								
Property Type/Use	Multifamily Apartments	Lat/Long	34.028511 / -118.4076					
Parcel ID #		Number of Buildings	1					
Year Built	1968	Year Renovated	N/A					
Quality	Average	Condition	Average					
Class	Class C	Construction Details						
Gross Building Area	12,824 SF	Rentable Area	10,750 SF					
Multifamily Units	16							
Number of Stories	2	Floor Area Ratio	0.91					
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC					
Opportunity Zone	No	Census Tract	2699.07					
Parking	Surface: 6 Covered: 6 Total: 12							
Site Size (Gross)	14,113 SF (0.32 acres)	Site Size (Net)	14,113 SF (0.32 acres)					
Multifamily Rental Survey Details								
Occupancy Rate	100%							
Confirmed By	6/28/2023 Realtor.com							
Rental Unit Detail								
# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
1		550	MKT	\$2,245	\$2,245	\$2,245	\$2,245	n/a
12	1BR-1BA	650	MKT	\$2,245	\$2,245	\$2,245	\$2,245	n/a
3	2BR-2BA	800	MKT	\$2,245	\$2,245	\$2,245	\$2,245	n/a
16		672 SF Avg.		\$2,245 Average per Unit \$3.34 Average PSF		\$2,245 Average per Unit \$3.34 Average PSF		

Multifamily Rent #4
Clarington
 3767 Clarington Avenue
 Los Angeles, CA 90034
 Los Angeles County
 BBG Property #163606



Property Data			
Improvement Details			
Property Type/Use	Multifamily Apartments	Lat/Long	34.022800 / -118.4015
Legal	Wadsworth and Hollister palms Tract, M B 9-33, Lot 24		
Parcel ID #	4313-005-033	Number of Buildings	1
Year Built	1978	Year Renovated	N/A
Quality	Average	Condition	Good
Class		Construction Details	Stucco exterior, wood frame, flat roof
Gross Building Area	156,045 SF	Rentable Area	118,545 SF
Multifamily Units	157		
Number of Stories	4	Floor Area Ratio	3.81
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	
Parking	Covered: 157 Total: 157	Parking Ratio	1.32:1,000 SF of Rentable Area 1.00 Spaces per Unit
Site Size (Gross)	41,002 SF (0.94 acres)	Site Size (Net)	41,002 SF (0.94 acres)
Project Amenities	Clubhouse, Elevator, Fitness Center, Hot Tub, Laundry Room, On-Site Office, Pool, Security Gate, Tuck-Under Parking		
Unit Amenities	Patio/Balcony, Fireplace, Wall-Unit Air Conditioning, Carpet, Vinyl Tile/Plank Flooring, Granite Countertops, Stainless Steel Sink, White Appliances, Dishwasher, Microwave		
Multifamily Rental Survey Details			
Leasing Incentives	None		
Rent Premiums	None		
Utilities Paid By	Tenant pays Electric, Gas, Sewer, Trash, Water		
Occupancy Rate	95%		
Confirmed By	6/22/2023 310-736-2796		

Rental Unit Detail								
# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
81	Studio	625	MKT	\$2,430	\$2,430	\$2,430	\$2,430	n/a
37	1BR-1BA	810	MKT	\$2,815	\$2,815	\$2,815	\$2,815	n/a
18	1BR-1BA	825	MKT	\$3,045	\$3,045	\$3,045	\$3,045	n/a
21	2BR-2BA	1,100	MKT	\$3,750	\$3,750	\$3,750	\$3,750	n/a
157		760 SF Avg.		\$2,768 Average per Unit		\$2,768 Average per Unit		
				\$3.67 Average PSF		\$3.67 Average PSF		

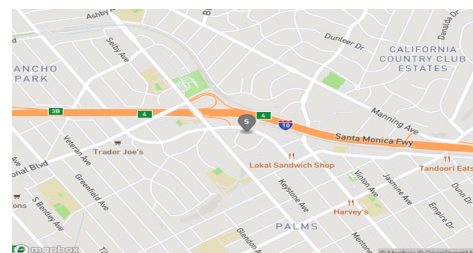
Multifamily Rent #5
Cheviot Capri

3200 Cheviot Vista Place

Los Angeles, CA 90034

Los Angeles County

BBG Property #211680


Property Data
Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.030520 / -118.4144
Parcel ID #	4314-026-002	Number of Buildings	1
Year Built	1958	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class D	Construction Details	
Gross Building Area	17,325 SF	Rentable Area	15,500 SF
Multifamily Units	0		
Number of Stories	2	Floor Area Ratio	1.03
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	
Site Size (Gross)	16,884 SF (0.39 acres)	Site Size (Net)	16,884 SF (0.39 acres)
Project Amenities	Laundry Room		
Unit Amenities	Carpet, Ceiling Fans, Ceramic Tile Flooring, Vinyl Flooring		

Multifamily Rental Survey Details

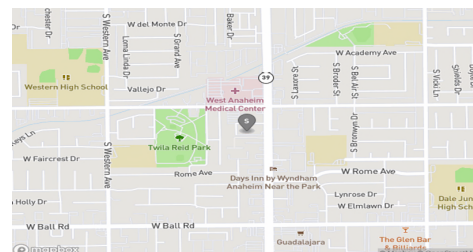
Occupancy Rate	100%
Confirmed By	6/13/2023 CoStar and Apartments.com

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
8	Studio	400	MKT	\$1,695	\$1,695	\$1,695	\$1,695	n/a
12	1BR/1BA	700	MKT	\$0	\$0	\$0	\$0	n/a
4	2BR/2BA	975	MKT	\$0	\$0	\$0	\$0	n/a
24		646 SF Avg.		\$565 Average per Unit \$0.87 Average PSF		\$565 Average per Unit \$0.87 Average PSF		

COMPARABLE ASSISTED LIVING SALES

Sale Comparable #1
West Anaheim Extended Care
 645 South Beach Boulevard
 Anaheim, CA 92804-3102
 Orange County
 BBG Property #647063



Property Data

Improvement Details

Property Type/Use	Seniors Housing Skilled Nursing Facility (SNF)	Lat/Long	33.823135 / -117.9945
Parcel ID #	079-951-28	Number of Buildings	0
Year Built	1989	Year Renovated	2005
Quality	Average/Good	Condition	Average/Good
Class		Construction Details	
Gross Building Area	41,617 SF	Rentable Area	41,617 SF
Seniors Physical Units	54	Seniors Revenue Units	138
Number of Stories	0	Floor Area Ratio	0.50
Opportunity Zone	No	Census Tract	0869.02
Parking	Surface: 42 Total: 42	Parking Ratio	1.01:1,000 SF of Rentable Area
Site Size (Gross)	83,635 SF (1.92 acres)	Site Size (Net)	83,635 SF (1.92 acres)

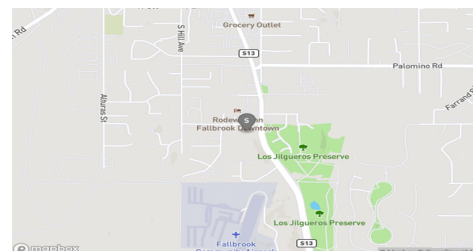
Unit Mix

Care Level	Revenue Units
Skilled Nursing Facility (SNF)	138
Total	138

Sale Transaction Data for BBG Event #785798 on 9/30/2022				PSF (GBA)	Per Revenue Unit	Per Physical Unit
Transaction Date	9/30/2022	Consideration	\$25,000,000	\$600.72	\$181,159	\$462,963
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0	\$0
Occupancy at TOS	96%	Cash Equivalent Price	\$25,000,000	\$600.72	\$181,159	\$462,963
Property Rights	Fee Simple					
Grantor	Ewa Owner Llc					
Grantee	Care West Anaheim Extended					
Comments	West Anaheim Extended Care is a skilled nursing facility located at 645 South Beach Boulevard, Anaheim, CA in an urban area. The improvements were constructed in 1989 and are in average condition. The facility had an overall occupancy of 96% at the time of sale. The details of the transaction were verified via the broker. The \$25,000,000 sale price reflects a value of \$181,159 per revenue unit. A local owner-operator sold the asset to an East Coast-based real estate holding company, which will lease the property to a local operator. The facility also holds a contract for over 50 therapeutic residential care beds. Matt Jassak with Foley & Lardner represented the sellers on the transaction. The exact unit mix at the time of the sale was described as 24 semi private units and 30 three bed semi private units, for a total of 138 beds. The bed mix does fluctuate depending upon resident mix in the community as many of the three-bed rooms are often utilized as semi-private units.					
Verification	10/24/2022 Evans Senior Investments (ESI)					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	Per Revenue Unit	Per Physical Unit	Amount	Per Revenue Unit	Per Physical Unit
Net Operating Income	\$2,909,690	\$53,883	\$53,883	\$0	\$0	\$0
Overall Rate	11.64%			0.00%		

Sale Comparable #2
Estancia Senior Living
 1735 South Mission Road
 Fallbrook, CA 92028
 San Diego County
 BBG Property #520547



Property Data

Improvement Details

Property Type/Use	Healthcare Assisted Living (AL)	Lat/Long	33.361490 / -117.2501
Parcel ID #	104-351-47	Number of Buildings	1
Year Built	2021	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class D	Construction Details	
Gross Building Area	88,892 SF	Rentable Area	88,892 SF
Seniors Physical Units	103	Seniors Revenue Units	109
Number of Stories	2	Floor Area Ratio	0.75
Opportunity Zone	No	Census Tract	0189.06
Site Size (Gross)	118,048 SF (2.71 acres)	Site Size (Net)	118,048 SF (2.71 acres)

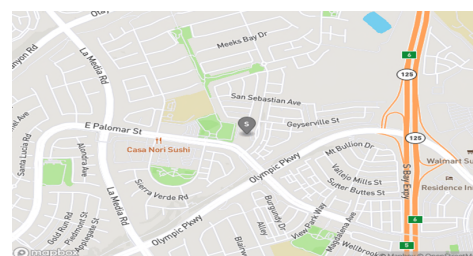
Unit Mix

Care Level	Revenue Units
Assisted Living (AL)	84
Memory Care (MC)	25
Total	109

Sale Transaction Data for BBG Event #673791 on 10/18/2021				PSF (GBA)	Per Revenue Unit	Per Physical Unit
Transaction Date	10/18/2021	Consideration	\$35,000,000	\$393.74	\$321,101	\$339,806
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0	\$0
Occupancy at TOS	40%	Cash Equivalent Price	\$35,000,000	\$393.74	\$321,101	\$339,806
Property Rights	Fee Simple					
Grantor	Fallbrook Propco LLC					
Grantee	Contour Companies					
Comments	This comparable represents the sale of a 109- assisted living community located at 1735 South Mission Road in Fallbrook, California. The property was built in 2021 and was in good condition. The comparable sold in October 2021 for \$35,000,000 or \$321,101 per unit. The seller is a developer/operator specializing in multifamily development in the western US. The occupancy was reported at 40%. The property opened for business in July, 2021. The proforma cap rate was 8.76%.					
Verification	12/2/2021 Press Release/AK/Buyer					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	Per Revenue Unit)	Per Physical Unit	Amount	Per Revenue Unit	Per Physical Unit
Rental Income	\$7,738,627	\$70,997	\$75,132	\$7,738,627	\$70,997	\$75,132
Gross Annual Income	\$7,738,627	\$70,997	\$75,132	\$7,738,627	\$70,997	\$75,132
Effective Gross Income	\$7,738,627	\$70,997	\$75,132	\$7,738,627	\$70,997	\$75,132
Expenses	\$4,671,722	\$70,997	\$75,132	\$4,671,722	\$42,860	\$45,357
Net Operating Income	\$3,066,905	\$28,137	\$29,776	\$3,066,905	\$28,137	\$29,776
GIM	4.52			4.52		
EGIM	4.52			4.52		
Overall Rate	8.76%			8.76%		
Operating Expense Ratio	60.37%			60.37%		

Sale Comparable #3
Ivy Park at Olay Ranch
 1290 Santa Rosa Drive
 Chula Vista, CA 91913
 San Diego County
 BBG Property #631346



Property Data

Improvement Details

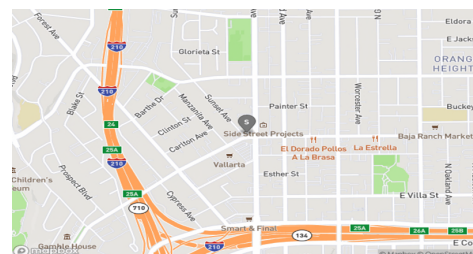
Property Type/Use	Seniors Housing Assisted Living (AL)	Lat/Long	32.631988 / -116.9804
Parcel ID #	0335289	Number of Buildings	1
Year Built	2018	Year Renovated	N/A
Quality	Good/Excellent	Condition	Good/Excellent
Class	Class A	Construction Details	
Gross Building Area	100,402 SF	Rentable Area	0 SF
Seniors Physical Units	111	Seniors Revenue Units	111
Number of Stories	2	Floor Area Ratio	0.51
Opportunity Zone	No	Census Tract	0133.23
Parking	Surface: 85 Total: 85		
Site Size (Gross)	196,891 SF (4.52 acres)	Site Size (Net)	196,891 SF (4.52 acres)
Flood Zone 1	Zone B		

Unit Mix	
Care Level	Revenue Units
Assisted Living (AL)	85
Memory Care (MC)	26
Total	111

Sale Transaction Data for BBG Event #775879 on 4/20/2021				PSF (GBA)	Per Revenue Unit	Per Physical Unit
Transaction Date	4/20/2021	Consideration	\$29,400,000	\$292.82	\$264,865	\$264,865
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0	\$0
Occupancy at TOS	65%	Cash Equivalent Price	\$29,400,000	\$292.82	\$264,865	\$264,865
Property Rights	Fee Simple					
Grantor	S-h Otay Ranch Propco Ventures					
Grantee	Otay Landlord LLC					
Comments	Ivy Park at Otay Ranch is a Class A senior living community at 1290 Santa Rosa Drive in Chula Vista, California in a suburban location. The community was built in 2018 and occupancy (65%) was impacted by COVID-19 at the time of sale. The property sold on April 30, 2021 for \$29,400,000 or \$264,865 per unit.					
Verification	9/27/2022 Dan Baker					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	Per Revenue Unit	Per Physical Unit	Amount	Per Revenue Unit	Per Physical Unit
Rental Income	\$0	\$0	\$0	\$7,993,000	\$72,009	\$72,009
Other Income	\$0	\$0	\$0	\$130,000	\$1,171	\$1,171
Gross Annual Income	\$0	\$0	\$0	\$8,123,000	\$73,180	\$73,180
Effective Gross Income	\$0	\$0	\$0	\$8,123,000	\$73,180	\$73,180
Expenses	\$0	\$0	\$0	\$5,686,100	\$51,226	\$51,226
Reserves	\$0	\$0	\$0	\$466,200	\$4,200	\$4,200
Net Operating Income	\$0	\$0	\$0	\$1,970,700	\$17,754	\$17,754

Sale Comparable #4
Morningstar Senior Living
 951 North Fair Oaks Avenue
 Pasadena, CA 91103
 Los Angeles County
 BBG Property #582473


Property Data
Improvement Details

Property Type/Use	Healthcare Assisted Living (AL)	Lat/Long	34.157998 / -118.1511
Parcel ID #		Number of Buildings	1
Year Built	2003	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	
Gross Building Area	130,553 SF	Rentable Area	77,500 SF
Seniors Physical Units	149	Seniors Revenue Units	149
Number of Stories	4	Floor Area Ratio	1.56
Opportunity Zone	No	Census Tract	4616.00
Parking	Surface: 120 Total: 120		
Site Size (Gross)	83,849 SF (1.92 acres)	Site Size (Net)	83,849 SF (1.92 acres)

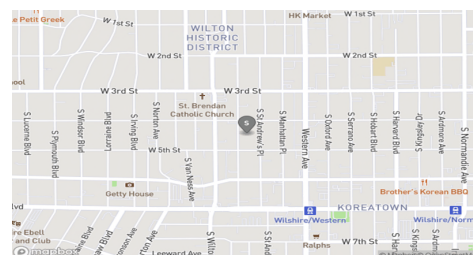
Unit Mix	
Care Level	Revenue Units
Assisted Living (AL)	149
Total	149

Sale Transaction Data for BBG Event #729808 on 1/13/2021				PSF (GBA)	Per Revenue Unit	Per Physical Unit
Transaction Date	1/13/2021	Consideration	\$64,467,000	\$493.80	\$432,664	\$432,664
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0	\$0
Occupancy at TOS	92%	Cash Equivalent Price	\$64,467,000	\$493.80	\$432,664	\$432,664
Property Rights	Fee Simple					
Grantor	Regency Park Senior Living Inc					
Grantee	Bridge Senior Living					
Comments	This comparable represents the sale of a Class B senior living community in Pasadena, CA. The sales price of \$64,467,000 was confirmed by the buyer. Post-closing, the buyer changed the name to Morningstar Senior Living. The proforma cap rate was 5.32%.					
Verification	6/3/2022 Buyer					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	Per Revenue Unit	Per Physical Unit	Amount	Per Revenue Unit	Per Physical Unit
Rental Income	\$0	\$65,469	\$65,469	\$9,754,850	\$65,469	\$65,469
Gross Annual Income	\$0	\$0	\$0	\$9,754,850	\$65,469	\$65,469
Effective Gross Income	\$0	\$0	\$0	\$9,754,850	\$65,469	\$65,469
Expenses	\$0	\$0	\$0	\$6,322,493	\$42,433	\$42,433
Net Operating Income	\$0	\$0	\$0	\$3,432,357	\$23,036	\$23,036

COMPARABLE IMPROVED APARTMENT SALES

Sale Comparable #1
430 S Gramercy Pl -
 430 South Gramercy Place
 Los Angeles, CA 90020-4977
 Los Angeles County
 BBG Property #728710



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.066290 / -118.3124
Parcel ID #		Number of Buildings	1
Year Built	1964	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	
Gross Building Area	20,497 SF	Rentable Area	14,031 SF
Multifamily Units	30		
Number of Stories	3	Floor Area Ratio	1.37
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2117.03
Parking	Covered: 24 Total: 24		
Site Size (Gross)	14,985 SF (0.34 acres)	Site Size (Net)	14,985 SF (0.34 acres)

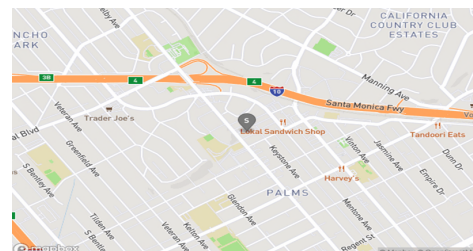
Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
10	380	Studio	n/a
17	488	1BR-1BA	n/a
3	645	2BR-2BA	n/a
30	467 SF Avg.		

Sale Transaction Data for BBG Event #848655 on 2/22/2023				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	2/22/2023	Consideration	\$7,150,000	\$348.83	\$509.59	\$238,333
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	100%	Cash Equivalent Price	\$7,150,000	\$348.83	\$509.59	\$238,333
Property Rights	Leased Fee					
Grantor	ESCL Investments LLC					
Grantee	430 S Gramercy Place LLC					
Comments	This is a sale of 30-unit multifamily building for \$7,150,000, or about \$238,333 per unit. The Class C apartment complex was built in 1964 and is comprised of a single three-story building situated on a 0.344 acre (14,985 SF) parcel with a unit mix of 10 studios, (17) 1BR-BA and (3) 2BR-2BA units. This property was listed on market with an asking price of \$8,500,000.					
Verification	4/27/2023 CoStar					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Rental Income	\$357,500	\$25.48	\$11,917	\$0	\$0.00	\$0
Gross Annual Income	\$357,500	\$25.48	\$11,917	\$0	\$0.00	\$0
Effective Gross Income	\$357,500	\$25.48	\$11,917	\$0	\$0.00	\$0
Net Operating Income	\$357,500	\$25.48	\$11,917	\$0	\$0.00	\$0
GIM	20.00			n/a		
EGIM	20.00			n/a		
Overall Rate	5.00%			n/a		

Sale Comparable #2
3252 Overland Avenue Apartments
 3252 Overland Avenue
 Los Angeles, CA 90034-3575
 Los Angeles County
 BBG Property #778858


Property Data
Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.028499 / -118.4139
Parcel ID #	4314-025-040	Number of Buildings	1
Year Built	1964	Year Renovated	N/A
Quality		Condition	Average
Class		Construction Details	
Gross Building Area	25,971 SF	Rentable Area	24,120 SF
Multifamily Units	32		
Number of Stories	3	Floor Area Ratio	1.11
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2699.08
Parking	Covered: 39 Total: 39		
Site Size (Gross)	23,309 SF (0.54 acres)	Site Size (Net)	23,309 SF (0.54 acres)
Project Amenities	Pool		

Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
3	450	Studio	n/a
17	650	1BR-1BA	n/a
5	930	2BR-1.5BA	n/a
7	1,010	2BR-2BA	n/a
32	753 SF Avg.		

Sale Transaction Data for BBG Event #906728 on 2/14/2023				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	2/14/2023	Consideration	\$10,200,000	\$392.75	\$422.89	\$318,750
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	96%	Cash Equivalent Price	\$10,200,000	\$392.75	\$422.89	\$318,750
Property Rights	Leased Fee					
Grantor	David Krasne Living Trust					
Grantee	Overland Palms Llc					
Comments	On 2/14/2023, David and Caryn Krasne sold the 32-unit apartment complex at 3252 Overland Ave in Los Angeles, CA to Emmett Ochs Investments for \$10.2 million, or \$318,750 per unit.					

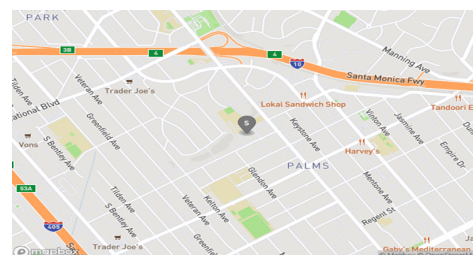
The seller put in approximately \$500,000 in upgrades and renovations for 1/3 of the units. The property sold at a 4.45% CAP Rate.

Information about the sale was confirmed by the seller and broker.

Verification	7/18/2023
	LA - Rob Renshaw of Remax Commercial

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$454,029	\$18.82	\$14,188	\$0	\$0.00	\$0
Overall Rate	4.45%			n/a		

Sale Comparable #3
The Diplomat Apartments
 10751 Rose Avenue
 Los Angeles, CA 90034-4473
 Los Angeles County
 BBG Property #780394



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.026667 / -118.4150
Parcel ID #	4254-012-058	Number of Buildings	0
Year Built	1962	Year Renovated	N/A
Quality		Condition	Average
Class		Construction Details	
Gross Building Area	92,700 SF	Rentable Area	92,700 SF
Multifamily Units	119		
Number of Stories	0	Floor Area Ratio	1.10
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2717.04
Site Size (Gross)	83,910 SF (1.93 acres)	Site Size (Net)	83,910 SF (1.93 acres)
Project Amenities	Pool		

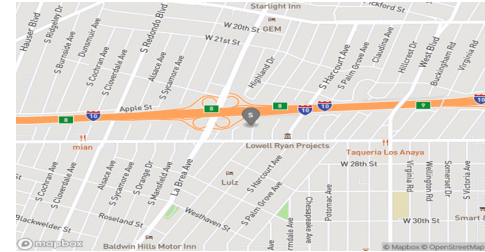
Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
10	525	Studio	n/a
100	775	1BR-1BA	n/a
8	1,000	2BR-2BA	n/a
1	1,950	3BR-2.5BA	n/a
119	778 SF Avg.		

Sale Transaction Data for BBG Event #908866 on 12/9/2022				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	12/9/2022	Consideration	\$31,700,000	\$341.96	\$341.96	\$266,387
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	97%	Cash Equivalent Price	\$31,700,000	\$341.96	\$341.96	\$266,387
Property Rights	Leased Fee					
Grantor	Astani Enterprises, Inc.					
Grantee	Walden Investments					
Comments	Subject property sold for \$266,386 per unit on 12/9/2022					
Verification	7/24/2023					
	LA - Blake Rogers					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$1,109,500	\$11.97	\$9,324	\$0	\$0.00	\$0
Overall Rate	3.50%			n/a		

Sale Comparable #4
2501 West View Street
 2501 West View Street
 Los Angeles, CA 90016
 Los Angeles County
 BBG Property #187485



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.033427 / -118.3482
Parcel ID #	5049-008-056	Number of Buildings	0
Year Built	1986	Year Renovated	N/A
Quality	Average	Condition	Average
Class		Construction Details	
Gross Building Area	28,675 SF	Rentable Area	28,400 SF
Multifamily Units	37		
Number of Stories	3	Floor Area Ratio	0.91
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2197.00
Parking	Covered: 38 Other: 25 Total: 63	Parking Ratio	2.22:1,000 SF of Rentable Area 1.70 Spaces per Unit
Site Size (Gross)	31,546 SF (0.72 acres)	Site Size (Net)	31,546 SF (0.72 acres)
Project Amenities	Laundry Room, Controlled Access		
Unit Amenities	Standard Appliances		

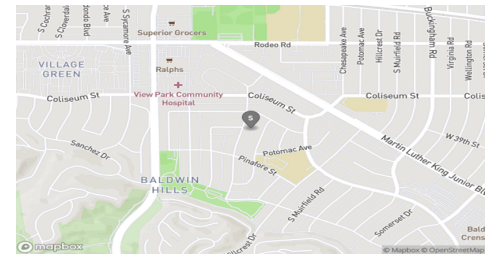
Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
16	650	1BR-1BA	n/a
15	800	2BR-1BA	n/a
6	1,000	3BR-2BA	n/a
37	767 SF Avg.		

Sale Transaction Data for BBG Event #732060 on 11/2/2021				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	11/2/2021	Consideration	\$9,600,000	\$334.79	\$338.03	\$259,459
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	78%	Cash Equivalent Price	\$9,600,000	\$334.79	\$338.03	\$259,459
Property Rights	Leased Fee					
Grantor	James Silcott					
Grantee	Parkview Management Group					
Record Info	1642595					
Comments	This is the sale of a 37-unit multifamily property located along West View Street, just north of Adams Boulevard in the West Adams neighborhood of the city of Los Angeles. The property featured eight vacant units at the time of sale and no income was being collected for a total of 17 units (including the eight vacant units) at the time of sale. The income projected below projects contract rent for all occupied units and market rent on the vacant units. Overall, contract rents were considered by the listing brokers to be approximately 30% below market levels.					
Verification	6/12/2022 Chase Gardner/Ascension/424-358-3399					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Rental Income	\$622,212	\$21.91	\$16,817	\$0	\$0.00	\$0
Other Income	\$5,000	\$0.18	\$135	\$0	\$0.00	\$0
Gross Annual Income	\$627,212	\$22.08	\$16,952	\$0	\$0.00	\$0
Vacancy Expense	\$18,666	\$0.66	\$504	\$0	\$0.00	\$0
Effective Gross Income	\$608,546	\$21.43	\$16,447	\$0	\$0.00	\$0
Expenses	\$260,274	\$9.16	\$7,034	\$0	\$0.00	\$0
Reserves	\$9,250	\$0.33	\$250	\$0	\$0.00	\$0
Net Operating Income	\$339,022	\$11.94	\$9,163	\$0	\$0.00	\$0
GIM	15.31			n/a		
EGIM	15.78			n/a		
Overall Rate	3.53%			n/a		
Operating Expense Ratio	44.29%			n/a		

Sale Comparable #5
3900 Nicolet Avenue Apartments
3900 Nicolet Avenue
Los Angeles, CA 90008-1470
Los Angeles County
BBG Property #778826



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.016174 / -118.3503
Parcel ID #	5030-008-006	Number of Buildings	0
Year Built	1956	Year Renovated	N/A
Quality		Condition	
Class		Construction Details	
Gross Building Area	72,036 SF	Rentable Area	64,600 SF
Multifamily Units	76		
Number of Stories	2	Floor Area Ratio	0.21
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	2362.04
Site Size (Gross)	335,848 SF (7.71 acres)	Site Size (Net)	335,848 SF (7.71 acres)

Unit Mix

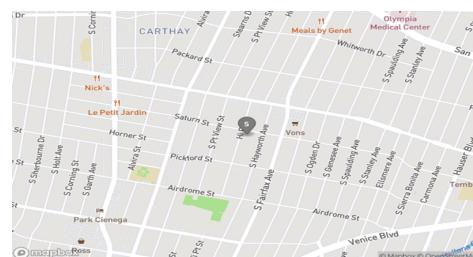
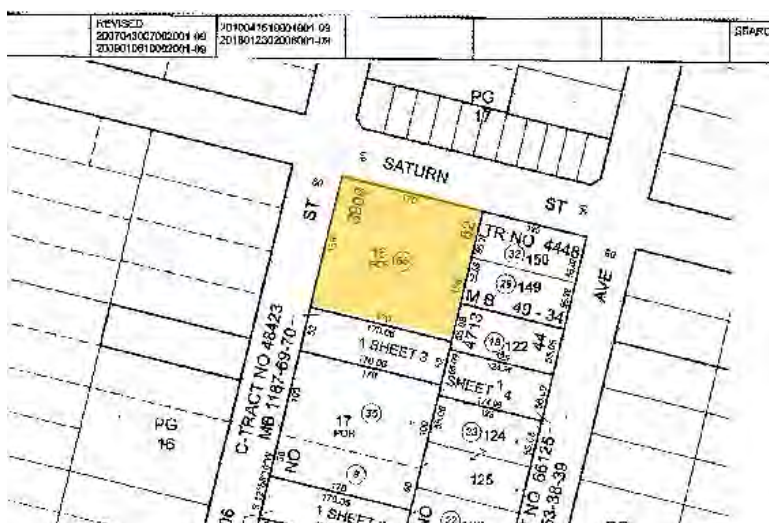
Unit Count	Unit Size (SF)	Unit Plan	Comments
76	850	2BR-1BA	n/a
76	850 SF Avg.		

Sale Transaction Data for BBG Event #906668 on 10/5/2021				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	10/5/2021	Consideration	\$16,700,000	\$231.83	\$258.51	\$219,737
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	76%	Cash Equivalent Price	\$16,700,000	\$231.83	\$258.51	\$219,737
Property Rights	Leased Fee					
Grantor	Descartes Financial Ltd					
Grantee	Pouya Farzadfar					
Comments	Property was on the market 133 days. The reported vacancy rate was 23.68% which would allow for considerable more income and a higher cap rate. A potential value-add deal.					
Verification	7/18/2023 LA - Nancy Sanborn of Berkshire Hathaway					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Rental Income	\$763,524	\$11.82	\$10,046	\$0	\$0.00	\$0
Gross Annual Income	\$763,524	\$11.82	\$10,046	\$0	\$0.00	\$0
Effective Gross Income	\$763,524	\$11.82	\$10,046	\$0	\$0.00	\$0
Expenses	\$389,849	\$6.03	\$5,130	\$0	\$0.00	\$0
Net Operating Income	\$373,675	\$5.78	\$4,917	\$0	\$0.00	\$0
GIM	21.87			n/a		
EGIM	21.87			n/a		
Overall Rate	2.24%			n/a		
Operating Expense Ratio	51.06%			n/a		

COMPARABLE LAND SALES

Sale Comparable #1
1500-1512 Hi Point Street
 1500-1512 Hi Point Street
 Los Angeles, CA 90035
 Los Angeles County
 BBG Property #22213



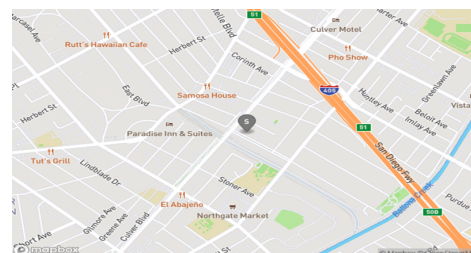
Property Data

Property Type/Use	Land Multifamily	Lat/Long	34.049720 / -118.3689
Parcel ID #	5068-018-066	Census Tract	2167.00
Opportunity Zone	No	Frontage	170' Saturn Street; 158' Hi Point Street
Gross Land Area	26,544 SF 0.61 Acres	Net Land Area	26,544 SF 0.61 Acres
Flood Designation	Zone X (Unshaded)	Flood Panel	06037C1611G Dated December 21, 2018
Utilities	All available to site.	Terrain / Topography	Generally level
Easements / Encroachments	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	Zoning	R3 Multiple Residential

Sale Transaction Data for BBG Event #799424 on 11/1/2022

					Net Area	Gross Area
Transaction Date	11/1/2022	Consideration	\$9,050,000	Price PSF	\$340.94	\$340.94
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$14,851,492	\$14,851,492
		Cash Equivalent Price	\$9,050,000			
Property Rights	Fee Simple					
Grantor	1500 Hi Point Investment LLC					
Grantee	Hi Point Vista LP					
Comments	This is the sale of a 26,544 square foot land site for \$9,050,000. The property sold with discretionary approvals and RTI "Ready to Issue" drawings for a luxury 58-unit multifamily community. The property was on the market from August 2022 to November 2022 and had an asking price of \$9,050,000 at the time of sale.					
Verification	7/12/2022 Paul Darrow of Walker & Dunlop 310-742-9964					

Sale Comparable #2
4424-4438 Slauson Ave
 4424 Slauson Avenue
 Los Angeles, CA 90230
 Los Angeles County
 BBG Property #624573



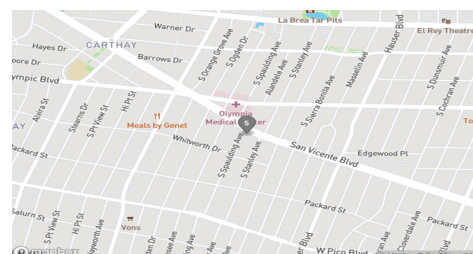
Property Data

Property Type/Use	Land	Lat/Long	33.998369 / -118.4140
Parcel ID #		Census Tract	2751.02
Opportunity Zone	No	Frontage	
Gross Land Area	20,003 SF 0.46 Acres	Net Land Area	20,003 SF 0.46 Acres
Utilities		Terrain / Topography	
Easements / Encroachments		Zoning	R3-1 R3; Multiple Dwelling

Sale Transaction Data for BBG Event #767324 on 1/28/2022					Net Area	Gross Area
Transaction Date	1/28/2022	Consideration	\$6,320,000	Price PSF	\$315.95	\$315.95
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$13,762,896	\$13,762,896
		Cash Equivalent Price	\$6,320,000			
Property Rights	Fee Simple					
Grantor	4438 SS Partners LP					
Grantee	4424 Slauson LLC					
Comments	This is the sale of 4 adjacent lots. The property can be developed with 42 unit (including a density bonus). It is reported that the buyer will develop the site with 35 units. The property was improved with 4 single-family home with a total of 9,084 square feet					
Verification	8/31/2022 CoStar and Marketing Brochure					



Sale Comparable #3
1110 South Spaulding Avenue
 1110 South Spaulding Avenue
 Los Angeles, CA 90019-2410
 Los Angeles County
 BBG Property #600495

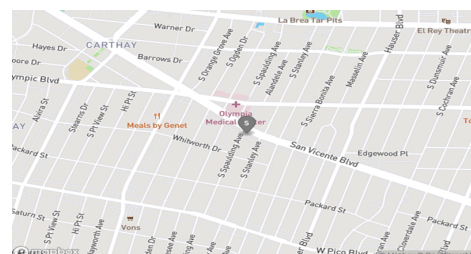


Property Data			
Property Type/Use	Land	Lat/Long	34.055622 / -118.3599
Parcel ID #	4260-037-004	Census Tract	2169.02
Opportunity Zone	No	Frontage	30' on Spaulding Ave; 11' on San Vicente Blvd
Gross Land Area	21,121 SF 0.48 Acres	Net Land Area	21,121 SF 0.48 Acres
Flood Designation	Zone X (Unshaded)	Flood Panel	06037C1611G Dated December 21, 2018
Utilities	Typical utilities and municipal services available to site.		Terrain / Topography Generally level
Easements / Encroachments	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	Zoning	R-3-1 Residential

Sale Transaction Data for BBG Event #747526 on 1/27/2022					Net Area	Gross Area
Transaction Date	1/27/2022	Consideration	\$4,995,000	Price PSF	\$236.49	\$236.49
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$10,301,700	\$10,301,700
		Cash Equivalent Price	\$4,995,000			
Property Rights	Fee Simple					
Grantor	Spaulding Views LLC					
Grantee	1110 So. Spaulding LLC					
Comments	The sale price of \$4,995,000 was confirmed by both the seller's broker and buyer's broker. The lot was RTI with the approval for 26 units					
Verification	7/11/2022 Dario Svidler of Compass Commercial 818-653-2663					



Sale Comparable #3
1110 South Spaulding Avenue
 1110 South Spaulding Avenue
 Los Angeles, CA 90019-2410
 Los Angeles County
 BBG Property #600495



Property Data			
Property Type/Use	Land	Lat/Long	34.055622 / -118.3599
Parcel ID #	4260-037-004	Census Tract	2169.02
Opportunity Zone	No	Frontage	30' on Spaulding Ave; 11' on San Vicente Blvd
Gross Land Area	21,121 SF 0.48 Acres	Net Land Area	21,121 SF 0.48 Acres
Flood Designation	Zone X (Unshaded)	Flood Panel	06037C1611G Dated December 21, 2018
Utilities	Typical utilities and municipal services available to site.		Terrain / Topography Generally level
Easements / Encroachments	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	Zoning	R-3-1 Residential

Sale Transaction Data for BBG Event #747526 on 1/27/2022					Net Area	Gross Area
Transaction Date	1/27/2022	Consideration	\$4,995,000	Price PSF	\$236.49	\$236.49
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$10,301,700	\$10,301,700
		Cash Equivalent Price	\$4,995,000			
Property Rights	Fee Simple					
Grantor	Spaulding Views LLC					
Grantee	1110 So. Spaulding LLC					
Comments	The sale price of \$4,995,000 was confirmed by both the seller's broker and buyer's broker. The lot was RTI with the approval for 26 units					
Verification	7/11/2022 Dario Svidler of Compass Commercial 818-653-2663					

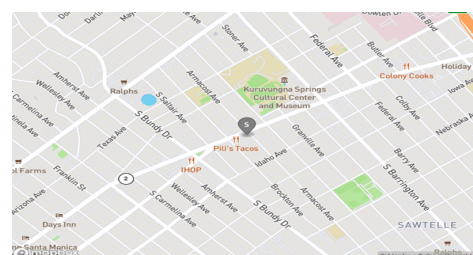
Sale Comparable #4
11900 Santa Monica Blvd

11900 Santa Monica Boulevard

Los Angeles, CA 90025-2707

Los Angeles County

BBG Property #776655

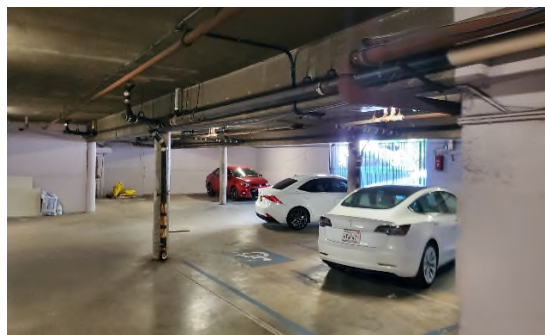
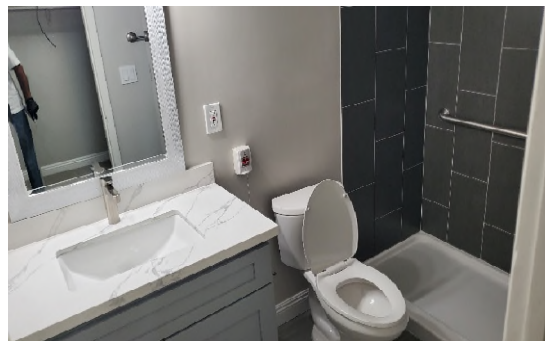
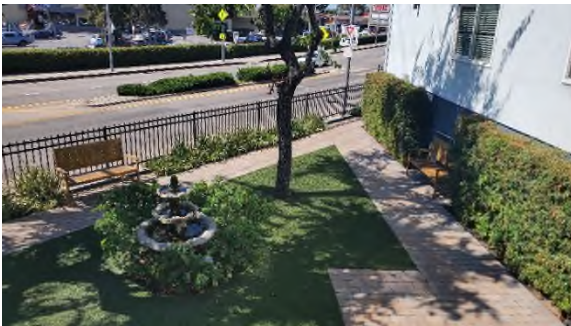

Property Data

Property Type/Use	Land Residential	Lat/Long	34.041617 / -118.4603
Parcel ID #	4263-034-031, 4263-034-006, 4263-034-005, 4263-034-002, 4263-034-001, 4263-034-004, 4263-034-003	Census Tract	2675.04
Opportunity Zone	No	Frontage	
Gross Land Area	46,609 SF 1.07 Acres	Net Land Area	46,609 SF 1.07 Acres
Utilities	All available to site.	Terrain / Topography	Generally level
Easements / Encroachments	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	Zoning	C2 Neighborhood Commercial

Sale Transaction Data for BBG Event #903599 on				Net Area	Gross Area
Transaction Date		Consideration	\$0	Price PSF	
Sale Status	Listing	Adjustments	\$25,000,000	Price Per Acre	
		Cash Equivalent Price	\$25,000,000		
Property Rights	Fee Simple				
Grantor	Freedom 26 LLC				
Grantee	N/A				
Comments	This is a listing for a 1.07-acre parcel of C2 zoned land that is entitled for 171 residential units that is priced at \$146,199 per unit.				
Verification	7/10/2023 Listing Broker				

SUBJECT PHOTOS

GRAN TERRAZA PICTURE PAGE



BUILDING SPECS

SHELBY DR

PROVON LN

B-1 OCCUPANCY TYPE 1 HOUR
FIRE SPRINKLED THROUGHOUT

PARKING

STORAGE

STORAGE

NATIONAL BLVD

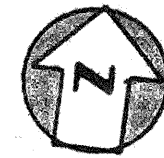
PARKING

STORAGE

STAIR

EXISTING
BASEMENT PLAN

NO CHANGE
2-19-92



REED and REED and ASSOCIATES
ARCHITECTS • PLANNERS
10551 WEST PICO BLVD. LOS ANGELES, CALIFORNIA 90064
(213) 474-4794

DATE: 2-19-92
DRAWN BY: [Signature]
CHECKED BY: [Signature]
APPROVED BY: [Signature]

REVISIONS
NO. DATE DESCRIPTION
4-1-92

ISSUES
NO. DATE PURPOSE

BLDG. PERMIT # 92 LA 90960
5-1-92

PROJECT TITLE
COUNTRY VILLA RETIREMENT
RESIDENCE
3310 SHELBY DR. WEST LOS ANGELES, CA.
13101 837 9181

SHEET TITLE
EXISTING BASEMENT
PLAN - NEW CHANGES

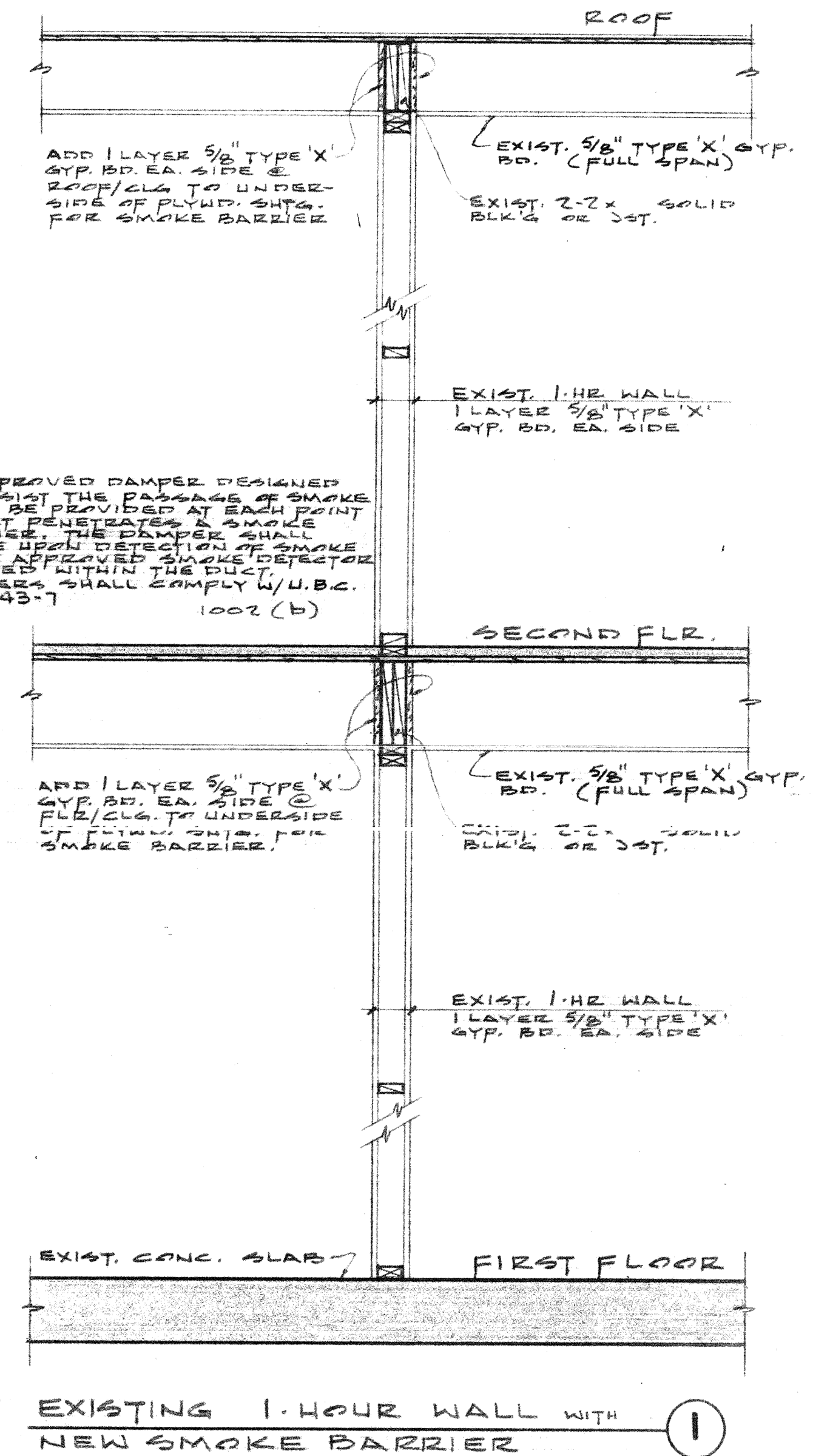
SHELBY DR

PROVON LN

NOTES

EXISTING 1-2 OCCUPANCY TYPE V 1-HOUR FIRE SPRINKLED THROUGHOUT

- 4" x 6" x 1/2" SOLID CORE W/ STL. FRAME - 10' x 8' 1/2" WIRE GLASS VISION PANEL - 20 MIN. U.L. LABEL W/ EJECTOR-MAGNETIC CLASP AND SMOKE SEAL
- ILLUMINATED EXIT SIGN W/ DIRECTION OF EXIT. MIN. 6" x 12" 1/2" STYLIZED BLACK LETTERS ON A CONTRASTING BACKGROUND
- APPROVED DETECTOR SENSITIVE TO PRODUCTS OF COMBUSTION OTHER THAN HEAT. SUCH DETECTORS SHALL BE APPROVED AND LISTED WITH THE STATE FIRE MARSHAL. DETECTOR SHALL BE HARD WIRED AND COMPLY WITH U.B.C. STANDARD 43-10



EXISTING FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"
W/ NEW SMOKE BARRIER WALL
2-19-92



SHEET TITLE
EXISTING FIRST FLOOR PLAN W/ NEW SMOKE BARRIER WALL

PROJECT TITLE
COUNTRY VILLA RETIREMENT RESIDENCE
3340 SHELBY DR. WEST LOS ANGELES, CA.
(310) 837 9161

ISSUES
NO. DATE PURPOSE

REVISIONS
NO. DATE DESCRIPTION

DATE 2-19-92
DRAWN BY
CHECKED BY
APPROVED BY

REED and REED and ASSOCIATES
ARCHITECTS - PLANNERS
10551 WEST PICO BLVD. LOS ANGELES, CALIFORNIA 90064
(310) 434-5174 FAX (310) 434-5174

USE OF THIS PLAN & SPECIFICATIONS SHALL BE RESTRICTED TO THE PROJECT AND NOT BE REPRODUCED OR RE-USE FOR ANY OTHER PROJECT. ANY REPRODUCTION OR RE-USE WITHOUT THE WRITTEN CONSENT OF REED and REED and ASSOCIATES SHALL BE PROHIBITED. THESE PLANS & SPECIFICATIONS SHALL CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE ARCHITECT AND THE CLIENT.

SHT NO.
JOB NO.

SHEET TITLE
EXISTING SECOND
FLOOR PLAN W/NEW
SMOKE BARRIER
WALL

PROJECT TITLE
**COUNTRY VILLA RETIREMENT
RESIDENCE**
3340 SHELBY DR. WEST LOS ANGELES, CA.
(310) 837 9881

ISSUES	
NO	DATE

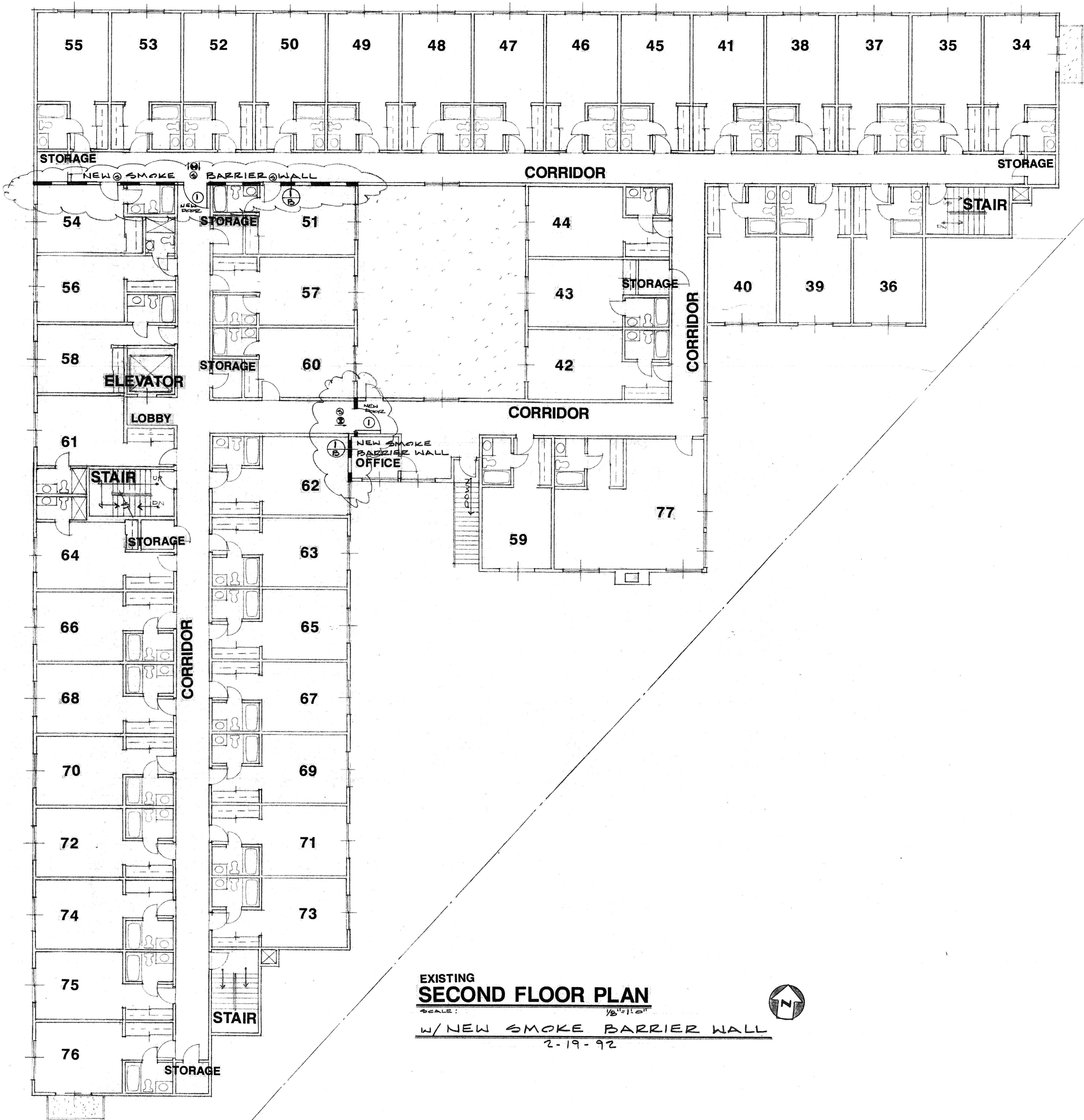
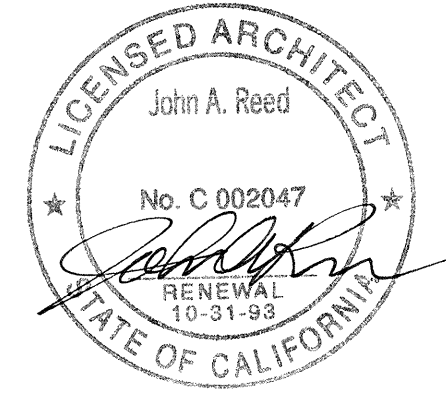
REVISIONS	
NO	DESCRIPTION

DATE	BY	CHECKED BY	APPROVED BY
2-19-92			

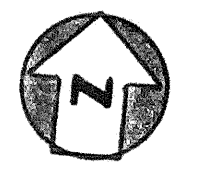
REED and REED and ASSOCIATES
ARCHITECTS - PLANNERS
10551 WEST PICO BLVD. LOS ANGELES CALIFORNIA 90064
(213) 474-4794

THE USE OF THESE PLANS & SPECIFICATIONS SHALL BE
RESTRICTED TO THE ORIGINAL SITE FOR WHICH THEY WERE
PREPARED. ANY REUSE, REVISION, OR MODIFICATION OF
ANY METHOD, IN WHOLE OR PART, IS PROHIBITED. TITLE
TO THE PLANS & SPECIFICATIONS REMAIN IN REED & REED
THROUGHOUT THE PROJECT. THESE PLANS & SPECIFICATIONS
SHALL CONSTITUTE THE ENTIRE AGREEMENT BETWEEN
THESE PARTIES.

SHT NO
JOB NO



**EXISTING
SECOND FLOOR PLAN**
SCALE: 1/8" = 1'-0"
W/NEW SMOKE BARRIER WALL
2-19-92



PURCHASE AGREEMENT

STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE

(Non-Residential)

Dated: July 11, 20, 2023

1. Buyer.

1.1 Weingart Center Association, a California nonprofit corporation ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close ~~30 or~~ See Addendum ~~days after the waiver or satisfaction of the Buyer's Contingencies,~~ ("Expected Closing Date") to be held by Commonwealth Land Title Company ("Escrow Holder") whose address is CHERYL GREER - 601 S. Figueroa Street, Suite 4000, 40th Floor, Phone No. (213) 330-3080, Email: cgreer@cltic.com, ~~Facsimile No. _____~~ upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer. See Addendum.

1.2 The terms "**Date of Agreement**" or "**Opening of Escrow**" as used herein shall be the date when executed counterparts of this Agreement have been delivered to Escrow Holder by Buyer and Seller. ~~by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.~~

2. Property.

2.1 The real property ("**Property**") that is the subject of this offer consists of (insert a brief physical description) a three story structure on approximately 0.65 acres of land is located in the County of Los Angeles, is commonly known as (street address, city, state, zip) 3340 Shelby Drive, Los Angeles, CA 90034 and is legally described as: See Exhibit A attached hereto (APN: 4311-004-037).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Commonwealth Land Title Company ("**Title Company**"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("**HVAC**"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and None (collectively, the "**Improvements**").

2.4 The fire sprinkler monitor: ☐ is owned by Seller and included in the Purchase Price, ☐ is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, ☒ ownership will be determined during Escrow, or ☐ there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, ~~furniture and furnishings, and~~
 _____ all of which shall be removed by Seller prior to Closing. (See Addendum)

3. Purchase Price.

3.1 The purchase price ("**Purchase Price**") to be paid by Buyer to Seller for the Property shall be \$27,300,000.00 (\$350,000 per unit with 78 units), payable as follows:
(Strike any not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price):

\$27,300,000.00

(b) ~~Amount of "New Loan" as defined in paragraph 5.1, if any:~~

(c) ~~Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("**Existing Deed(s) of Trust**") securing the existing promissory note(s) ("**Existing Note(s)**"):~~

~~(i) An Existing Note ("**First Note**") with an unpaid principal balance as of the Closing of approximately:~~

~~Said First Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).~~

~~(ii) An Existing Note ("**Second Note**") with an unpaid principal balance as of the Closing of approximately:~~

~~Said Second Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).~~

(d) ~~Buyer shall give Seller a deed of trust ("**Purchase Money Deed of Trust**") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("**Purchase Money Note**") in the amount of:~~

Total Purchase Price:

\$27,300,000.00

~~999043584-730840685.6)~~

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OFA-20.30, Revised 10-13-2022

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3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 ☐ Buyer has delivered to Broker a check in the sum of _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or ☒ within 2 or five (5) business days after the Opening of Escrow. ~~both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder~~ Buyer shall deliver to Escrow Holder a check in the sum of \$200,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Intentionally Omitted. Additional deposits:

(a) ~~Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of N/A to be applied to the Purchase Price at the Closing.~~

(b) ~~Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of N/A to be applied to the Purchase Price at the Closing.~~

(c) ~~If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.~~

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is (to be provided in Escrow). NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided ("Independent Consideration"). Such Independent Consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon delivery of Buyer's Approval Notice (defined in the Addendum), ~~waiver of all of Buyer's contingencies~~ the Deposit shall become immediately non-refundable to Buyer but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) ~~or 9.1(e) (Material Change)~~, or as otherwise expressly provided herein or in the Addendum.

5. ~~Intentionally Omitted Financing Contingency. (Strike if not applicable)~~

5.1 ~~This offer is contingent upon Buyer obtaining funding through the California Department of Housing and Community Development Homekey Program per terms outlined in the Addendum.~~

5.2 ~~If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

5.3 ~~If Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

6. ~~Seller Financing. (Purchase Money Note). (Strike if not applicable)~~

6.1 ~~If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____ % per annum, with principal and interest paid as follows: _____. The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

6.2 ~~The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~

~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~

~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

6.3 ~~If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

6.4 **~~WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~**

6.5 ~~Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either~~

~~terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.~~

7. Real Estate Brokers.

7.1 ~~Intentionally Omitted. Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this transaction with the following real estate broker(s) ("Brokers") and/or their agents ("Agent(s")):~~

Seller's Brokerage Firm License No. _____ is the broker of (check one): ☒ the Seller; or ☐
both the Buyer and Seller (dual agent).

Seller's Agent License No. _____ is (check one): ☒ the Seller's Agent (salesperson or broker associate); or ☐ both
the Seller's Agent and the Buyer's Agent (dual agent).

Buyer's Brokerage Firm License No. _____ is the broker of (check one): ☒ the Buyer; or ☐ both the
Buyer and Seller (dual agent).

Buyer's Agent License No. _____ is (check one): ☒ the Buyer's Agent (salesperson or broker associate); or ☐
both the Buyer's Agent and the Seller's Agent (dual agent).

~~The Parties acknowledge that other than the Brokers and Agents listed above, there are no other brokers or agents representing the Parties or due any fees and/or commissions under this Agreement. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.~~

Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker, agent or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, ~~other than the Brokers and Agents named in paragraph 7.1,~~ and no broker, agent or other person, firm or entity, other than said Brokers and Agents is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, agent, finder or other similar party by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon Opening of Escrow, ~~acceptance hereof by Seller,~~ this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a ~~general warranty deed (a grant deed in California)~~ and the other documents required to be recorded (if any), and by disbursing the funds and documents in accordance with this Agreement. ~~The form of the grant deed shall be subject to Buyer's approval and approved by the Parties prior to the Contingency Date.~~

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11.)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), and (n), ~~and (o),~~ 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, pursuant to the express terms of this Agreement, or disapproval of any other matter subject to Buyer's approval, which per the express terms of this Agreement gives Buyer the right to terminate this Agreement, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 Independent Consideration provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, ~~or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.~~

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 ~~If this Escrow is terminated for any reason other than Seller's breach or default, then as a condition to the return of Buyer's deposit, Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property.~~

9. Contingencies to Closing.

9.1 ~~IF, BEFORE EXPIRATION OF THE APPLICABLE TIME, BUYER FAILS TO DELIVER TO SELLER BUYER'S APPROVAL NOTICE ON OR BEFORE THE CONTINGENCY DATE PROVIDE ESCROW HOLDER WRITTEN NOTICE OF BUYER'S DISAPPROVAL OF ALL ANY OF BUYER'S CONTINGENCIES AND OR ANY ALL OTHER MATTERS THAT ARE IS SUBJECT TO BUYER'S APPROVAL IN THIS AGREEMENT, THEN BUYER SHALL BE CONCLUSIVELY DEEMED TO HAVE DISAPPROVED SATISFIED SUCH BUYER'S CONTINGENCIES AND FOR DISAPPROVED OF SUCH OTHER MATTERS.~~ If a number of days is completed in any of the optional spaces in

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subparagraphs 9.1 (a) through (m), then such number shall apply and override the pre-printed number, even if the pre-printed number is not stricken. The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies on or before the Contingency Date: (See Addendum)

(a) *Disclosure.* Seller shall deliver ~~make~~ to Buyer, through Escrow, a Natural Hazards Disclosure Report ~~all of the applicable disclosures required by law~~ (See AIR CRE ("AIR") standard form entitled "**Seller's Mandatory Disclosure Statement**") and provide Buyer with a completed Property Information Sheet ("**Property Information Sheet**") concerning the Property, ~~duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or~~ days following the Date of Agreement. Buyer has until the Contingency Date (as defined in the Addendum) 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has until the Contingency Date 10 or ~~_____~~ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property. (See Addendum)

(c) *Hazardous Substance Conditions Report.* Buyer has until the Contingency Date 30 or ~~_____~~ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "**Hazardous Substance**" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "**Hazardous Substance Condition**" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has until the Contingency Date 30 or ~~_____~~ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have in its actual possession within 10 days following the Date of Agreement.

(e) *Governmental Approvals.* Buyer has until the Contingency Date 30 or ~~_____~~ days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("**Title Commitment**") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("**Underlying Documents**"), ~~and a scaled and dimensioned plot showing the location of any easements~~ to be delivered to Buyer within 10 or ~~_____~~ days following the Date of Agreement. Buyer has 10- sixty (60) days from the receipt of the Title Commitment, and the Underlying Documents ("**Title Review Period**") ~~and the plot plan~~ to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance created by or on behalf of Seller, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such ~~disapproved~~ monetary encumbrances at or before the Closing.

(g) *Survey.* Buyer has until expiration of the Title ~~_____~~ Review Period the Contingency Date 30 or ~~_____~~ days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("**ALTA**") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Intentionally Omitted.* (See Addendum)

(i) *Owner's Association.* If applicable, Seller shall within 10 or ~~_____~~ days following the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has until the Contingency Date or 10 days from the receipt of such documents, whichever is later, to satisfy itself with regard to the association.

(j) *Other Agreements.* Seller shall within 10 or ~~_____~~ days following the Date of Agreement provide Buyer with legible copies of all other material agreements ("**Other Agreements**") actually known to Seller and in Seller's actual possession that will affect the Property after Closing. Buyer has until the Contingency Date or 10 days from the receipt of said Other Agreements, whichever is later, to satisfy itself with regard to such Agreements.

(k) *Intentionally Omitted. Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) *Existing Notes.* If paragraph 3.1(c) has not been stricken, Seller shall within 10 or ~~_____~~ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "**Loan Documents**") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("**Beneficiary Statement**") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or ~~_____~~ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or ~~_____~~ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or ~~_____~~ days following the receipt of such documents to satisfy itself with regard to the form and content thereof.

(m) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has until the Contingency Date 10 or ~~_____~~ days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property of which it has knowledge ~~that it is aware of~~ within 10 or ~~_____~~ days following the Date of Agreement.

(m) *Destruction, Damage or Loss.* Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$250,000.00 ~~\$10,000.00~~ to repair or cure. ~~If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing.~~ Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$250,000.00 ~~\$10,000.00~~ to repair or cure, to either terminate this Agreement (in which event the Deposit, including, if applicable, the Released Deposit, but less the Independent Consideration shall be returned to Buyer) or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$250,000.00 ~~\$10,000.00~~, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(n) ~~Intentionally Omitted. Material Change.~~ Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. ~~"Material Change"~~ shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(o) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(p) ~~Brokerage Fee.~~ Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("~~Brokerage Fee~~"). It is agreed by the Parties and Escrow Holder that Brokers are a third-party beneficiary of this Agreement insofar as the ~~Brokerage Fee~~ is concerned, and that no change shall be made with respect to the payment of the ~~Brokerage Fee~~ specified in this Agreement, without the written consent of Brokers.

9.2 The contingencies specified in subparagraphs 9.1(a) through (m) are for the benefit of, and may be waived by, Buyer, and are referred to collectively as "**Buyer's Contingencies**" and individually as a "**Buyer's Contingency**." (See Addendum)

9.3 ~~Intentionally Omitted. Buyer's timely and written disapproval or conditional approval of a Buyer's Contingency or any other matter that is subject to Buyer's approval in this Agreement shall constitute disapproval thereof ("Disapproved Item(s)").~~ Concurrent with notice of a Disapproved Item, Buyer may make a request to Seller regarding such Disapproved Item ("**Buyer's Request**"). If Buyer fails to make a timely and written Buyer's Request, then this Agreement shall terminate due to the non-satisfaction and non-waiver of a contingency. Seller may respond to a Buyer's Request within 10 days following Seller's receipt thereof ("**Seller's Response**"). Seller's acceptance of a Buyer's Request shall amend this Agreement accordingly. If Seller fails to provide a timely and written Seller's Response, then Seller's Response shall be deemed to be a rejection of Buyer's Request. Buyer may, within 10 days following the earlier of Buyer's receipt of a Seller's Response (which is not an acceptance of Buyer's Request) or the date of Seller's deemed rejection of a Buyer's Request ("**Buyer's Reply Period**"), reply to a Seller's Response ("**Buyer's Reply**") and elect to (i) terminate this Agreement due to the non-satisfaction and non-waiver of the applicable contingency, (ii) accept the Seller's Response in which event this Agreement shall be amended accordingly, or (iii) withdraw Buyer's Request and waive the Disapproved Item in which event Buyer shall accept the Property subject to the Disapproved Item. If Buyer fails to provide a timely and written Buyer's Reply, then Buyer shall be deemed to have elected to terminate this Agreement as of the end of the Buyer's Reply Period. The date Buyer accepts a Seller's Response or withdraws a Buyer's Request and waives a Disapproved Item shall be the date of Buyer's approval of the Disapproved Item. A Party shall provide to Escrow Holder copy of all notices of a Disapproved Item, Buyer's Request, Seller's Response and Buyer's Reply and Escrow Holder shall promptly provide copies thereof to the other Party. Unless the Parties in writing agree otherwise, if the Expected Closing Date is a specific calendar date and a Buyer's Reply Period expires after such specific calendar date, then notwithstanding paragraph 1.1, the Expected Closing Date shall be extended to be 3 business days after the earlier of the date Buyer withdraws a Buyer's Request and waives the applicable Disapproved Item or Buyer accepts the applicable Seller's Response. (See Addendum)

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents and Other Items Required at or Before Closing.

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant ~~or general warranty~~ deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

(b) Intentionally Omitted. ~~If applicable, the Beneficiary Statements concerning Existing Note(s).~~

(c) Intentionally Omitted. ~~If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases, if any, shall be on a form approved by Buyer. shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.~~

(d) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. ~~If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.~~

(e) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. ~~If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.~~

(f) If applicable, a general assignment ("**General Assignment**"), duly executed, conveying (i) any rights to any intangible property relating to the Property, and (ii) the rights under any service contracts and Other Agreements expressly assumed by Buyer.

(g) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve

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its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.

(b) Intentionally Omitted. ~~If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property~~

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~~taxes during the life of the Purchase Money Note.~~

- ~~(c) Intentionally Omitted. The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.~~
- ~~(d) The General Assignment Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.~~
- ~~(e) Intentionally Omitted. If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.~~
- ~~(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.~~

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. ~~In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.~~

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 *Taxes.* Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 *Insurance.* **WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 ~~*Rentals, Interest and Expenses.* Scheduled rentals, interest on Existing Notes, Utilities, and operating expenses (if any) shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.~~

11.4 ~~*Intentionally Omitted. Security Deposit.* Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.~~

11.5 *Post Closing Matters.* Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 ~~*Intentionally Omitted. Variations in Existing Note Balances.* In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.~~

11.7 ~~*Intentionally Omitted. Variations in New Loan Balance.* In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.~~

11.8 *Owner's Association Fees.* If applicable, Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of twelve (12) months ~~3 years~~, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer ~~and Brokers~~ in all material respects. Seller hereby makes the following warranties and representations to Buyer: (See Addendum)

(a) *Authority of Seller.* Upon satisfaction of the Acquisition Condition, Seller will be the owner of the Property and will have the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) *Maintenance During Escrow and Equipment Condition At Closing.* ~~Except as otherwise provided in paragraph 9.1(n) hereof,~~ Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear and damage caused by casualty excepted. (See Addendum).

~~(c) *Intentionally Omitted. Hazardous Substances/Storage Tanks.* Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.~~

~~(d) *Intentionally Omitted. Compliance.* Except as otherwise disclosed in writing, Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement to be performed on the Property.~~

(e) *Changes in Agreements.* Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement (if any), or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) ~~*Intentionally Omitted. Possessory Rights.* To Seller's actual knowledge and except for any Property Occupants (as defined in the Addendum), Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed or otherwise contemplated by this Agreement or otherwise in writing to Buyer.~~

(g) ~~*Intentionally Omitted. Mechanics' Liens.* To Seller's actual knowledge, there are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.~~

(h) ~~*Intentionally Omitted. Actions, Suits or Proceedings.* To Seller's actual knowledge, there are no actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.~~

~~(i) *Intentionally Omitted.*~~

(j) ~~*Intentionally Omitted. No Tenant Bankruptcy Proceedings.* To Seller's actual knowledge, Seller has received no notice that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.~~

~~(k) *No Seller Bankruptcy Proceedings.* Seller is not the subject of a bankruptcy, insolvency or probate proceeding.~~

~~(l) *Intentionally Omitted.*~~

As used in this Agreement and the Addendum, the phrases "Seller's actual knowledge", "to the actual knowledge of Seller", and "Seller's knowledge", and other similar phrases relating to the knowledge of Seller shall mean the current actual knowledge of Steven Taylor without investigation or inquiry or any duty of investigation or inquiry ("**Knowledge Party**") and shall be limited to the period of time that Seller has actually owned fee title to the Property. Notwithstanding anything to the contrary contained in this Agreement and the Addendum, in no event shall the Knowledge Party have any personal liability as a result of any breach of any representation or warranty contained in this Agreement or the Addendum.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the

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time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer has actual knowledge learns that a Seller representation or warranty is might be untrue prior to the Closing, and Buyer elects to

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purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing with no third parties in possession, except for any Existing Leases Buyer agrees to assume in writing and except as otherwise provided in the Addendum. ~~subject to the rights of tenants under Existing Leases.~~

14. Buyer's Entry.

At any time during the Escrow period upon not less than forty-eight (48) hours prior notice to Seller, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants and the terms and conditions of this Agreement and the Addendum, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. Notwithstanding anything to the contrary contained in this Agreement or the Addendum, in no event shall Buyer be permitted to enter the Property, conduct any tests thereon or contact the Current Owner (defined in the Addendum) or Current Owner's managers and agents unless in all such cases, Buyer is accompanied by Seller or a designated representative of Seller. No destructive or invasive testing shall be conducted, however, without Seller's prior approval which approval may be withheld in Seller's sole and absolute discretion. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the re-compaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from and against any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to (i) any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith and (ii) any failure by Buyer to strictly comply with the terms and conditions of this Paragraph 14. (See Addendum)

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party ~~or Broker~~ brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party ~~or Broker~~ who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party ~~or Broker~~ of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. ~~Broker's Rights.~~

~~18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.~~

~~18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.~~

19. Notices.

19.1 Whenever any Party; or Escrow Holder ~~or Brokers~~ herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this ~~a~~ Agreement or by facsimile transmission, electronic signature, digital signature, or email. (See Addendum)

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party ~~or Broker~~ hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Intentionally Omitted.~~Duration of Offer.~~

~~20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Los Angeles on the date of 3 business days after delivered to Seller, it shall be deemed automatically revoked.~~

~~20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.~~

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE CONTINGENCY DATE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF the Deposit AS SELLER'S SOLE AND EXCLUSIVE REMEDY, PROVIDED THAT THIS

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LIQUIDATED DAMAGES PROVISION SHALL NOT APPLY TO NOR LIMIT SELLER'S REMEDIES AND RIGHTS UNDER PARAGRAPHS 7 (BROKERS), 14 (BUYER'S ENTRY), 16 (ATTORNEYS' FEES) or PARAGRAPH 37 OF THE ADDENDUM (CONFIDENTIALITY). UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY BUYER ~~SELLER~~.

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Buyer's Initials

Seller's Initials

~~22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)~~

~~22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF THE DEPOSIT SHALL BE DETERMINED BY BINDING ARBITRATION ADMINISTERED BY THE JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. ("JAMS") IN ACCORDANCE WITH ITS COMMERCIAL ARBITRATION RULES ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. SUCH CONTROVERSY SHALL BE ARBITRATED BY A SINGLE ARBITRATOR, APPOINTED UNDER THE COMMERCIAL RULES WHO HAS HAD AT LEAST 5 YEARS OF EXPERIENCE IN THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW OF THE JURISDICTION WHERE THE PROPERTY IS LOCATED, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE ARBITRATOR SHALL RENDER AN AWARD WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, WHICH MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF AND SHALL BE ACCOMPANIED BY A REASONED OPINION. THE FAILURE OR REFUSAL OF A PARTY TO PAY SUCH PARTY'S REQUIRED SHARE OF THE DEPOSITS FOR ARBITRATOR COMPENSATION OR ADMINISTRATIVE CHARGES SHALL CONSTITUTE A WAIVER BY SUCH PARTY TO PRESENT EVIDENCE OR CROSS EXAMINE WITNESSES, BUT SUCH WAIVER SHALL NOT ALLOW FOR A DEFAULT JUDGMENT AGAINST THE NON-PAYING PARTY IN THE ABSENCE OF EVIDENCE AND LEGAL ARGUMENT AS THE ARBITRATOR MAY REQUIRE FOR MAKING AN AWARD. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.~~

~~22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.~~

~~22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.~~

~~WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.~~

Buyer's Initials

Seller's Initials

23. Miscellaneous.

23.1 **Binding Effect.** This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed. Signatures to this Agreement accomplished by means of electronic signature or similar technology shall be legal and binding.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. **Seller and Buyer must initial any and all handwritten provisions.**

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's

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agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer*: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller*: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) *Agent Representing Both Seller and Buyer*. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not, without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including Seller's willingness to accept a price less than the listing price or Buyer's willingness to pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Buyer has the duty to exercise reasonable care to protect Buyer, including as to those facts about the Property which are known to Buyer or within Buyer's diligent attention and observation. Both Seller and Buyer should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

(d) *Further Disclosures*. Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. ~~The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

24.3 *Confidential Information*. Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Additional Provisions.

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs (See Addendum) through (See Addendum). (If there are no additional provisions write "NONE".)

The Addendum attached hereto is incorporated herein and made a part of this Agreement.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.**
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.**

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

- 1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.**
- 2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.**

[Signature Page Follows]

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The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

Date: February 27, 2023

BROKER

—

Attn: _

Title: _

Address: _

Phone: _

Fax: _

Email: _

Federal ID No.: _____

Broker DRE License #: _

Agent DRE License #: _

BUYER

Weingart Center Association,
a California non-profit corporation

By: _____

Name Printed: Kevin Murray

Title: President & CEO Phone:

213.689.2180

Fax: _____

Email: kmurray@weingart.org

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: 566 S. San Pedro Street, Los Angeles, CA
90013

Federal ID No.: (to be provided in Escrow)

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions set forth in this Agreement and the related Addendum.

Date: _____

BROKER

—

Attn: _

Title: _

Address: _

Phone: _

Fax: _____

Email: _____

Federal ID No.: _____

Broker DRE License #: _____

Agent's DRE License #: _

SELLER

Lindley Northridge LLC,
a California limited liability company

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _

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Federal ID No.: _____

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**ADDENDUM TO STANDARD OFFER, AGREEMENT AND
ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE
(NON-RESIDENTIAL)**

(3340 Shelby Drive, Los Angeles, California)

This Addendum to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Non-Residential) (this “**Addendum**”) is entered into by and between Lindley Northridge LLC, a California limited liability company (“**Seller**”), and Weingart Center Association, and/or its assignee (“**Buyer**”), and dated for reference purposes only as of the date first set forth on the first page of the AIR form agreement to which this Addendum is attached (the “**Form Agreement**”). The promises, covenants, agreements and declarations contained in this Addendum are intended to and shall have the same force and effect as if set forth in the body of the Form Agreement. To the extent that the provisions of this Addendum are inconsistent with the terms and conditions of the Form Agreement, the provisions of this Addendum shall control. Except for purposes of determining whether a conflict exists between the Form Agreement and this Addendum, the term “**Agreement**” (as used herein and in the Form Agreement) shall include both the Form Agreement and the provisions of this Addendum. All capitalized terms not otherwise defined in this Addendum shall have the meaning ascribed to it in the Form Agreement.

1.1. Expected Closing Date (*Continued*). Provided this Agreement is not terminated pursuant to an express provision provided herein, the Expected Closing Date shall be sixty (60) days after the Contingency Date (as hereinafter defined), ~~the same and~~ may be extended pursuant to Paragraph 9.1 below), unless Buyer and Seller mutually agree in writing to close on a different date. If the Expected Closing Date shall fall on a Saturday, Sunday or legal holiday, then the Closing shall be the next business day following the Expected Closing Date. As used herein, “**business day**” means any day other than a Saturday, Sunday or federal or California state holiday.

1.1(a) Acquisition Condition (*New*). Buyer confirms and agrees that (i) Seller is not the current fee owner of the Property, (ii) Seller is currently in escrow to purchase the Property from the current fee owner of the Property (“**Current Owner**”) pursuant to a separate purchase and sale agreement between Seller, as buyer, and Current Owner, as seller (“**Acquisition PSA**”), and (iii) notwithstanding anything to the contrary contained in the Agreement or this Addendum, Seller’s obligations under the Agreement and Seller’s obligation to sell the Property to Buyer are expressly conditioned upon the closing of the escrow under the Acquisition PSA and Seller (or a Seller Affiliate [defined below]) acquiring fee title to the Property ~~and the Personal Property~~ from Current Owner prior to the Expected Closing Date (“**Acquisition Condition**”). If the escrow under the Acquisition PSA does not occur and Seller (or a Seller Affiliate) fails to acquire fee title to the Property ~~and/or the Personal Property~~ prior to the Expected Closing Date for any reason, the Agreement and Escrow shall automatically terminate, the Deposit (including, if applicable, the Released Deposit, but less the Independent Consideration) shall be returned to Buyer and neither party shall thereafter have any further rights or obligations under the Agreement except for those obligations expressly stated to survive. Further, in the event the escrow under the Acquisition PSA does not occur and Seller (or a Seller Affiliate) fails to acquire fee title to the Property prior to the Expected Closing Date as a result of any breach or default by Seller under the Acquisition PSA, Seller shall also reimburse Buyer for its actual out-of-pocket third-party costs incurred in connection with this Agreement within thirty (30) days after Seller’s receipt from Buyer of reasonably detailed invoices or receipts evidencing the same (provided that in no event shall Seller’s reimbursement obligation pursuant to this Paragraph 1.1(a) exceed Fifty Thousand and No/100 Dollars (\$50,000.00)). Seller’s reimbursement obligation pursuant to the immediately preceding sentence shall survive any termination of this Agreement resulting from Seller’s failure to satisfy the Acquisition Condition.

9.1. Buyer’s Contingencies; Extension Options (*Continued*). The “**Contingency Date**” as used in the Form Agreement and this Addendum shall mean 5:00 pm (California time) on ~~the date which is ninety (90)~~ October 9, 2023 (i.e., 90 days ~~following the Opening of Escrow from July 10, 2023)~~, provided

that Buyer shall have until August 9, 2023 (i.e., thirty (30) days from ~~the Opening of Escrow~~ July 10, 2023) to complete an appraisal of the Property, a copy of which shall be provided to Seller upon completion of such appraisal. In addition, Buyer shall promptly provide Seller with any third-party reports, studies and assessments obtained by Buyer in connection with Buyer's due diligence studies, including, but not limited to, any Phase 1 environmental site assessment report, ALTA survey, building inspection reports, zoning reports and other similar, non-privileged documents relating to the Property.

Notwithstanding the foregoing, Buyer shall have the option to extend the Contingency Date as follows:

- (a) if Buyer has obtained HomeKey Fund Approval (defined below) and provided Buyer has delivered to Seller the Buyer's Approval Notice on or before the Contingency Date, the provisions of clause (b), below, shall not apply, and Buyer shall have the one-time right to extend the Contingency Date by an additional thirty (30) days ("**First Extended Contingency Date**") for the sole purposes of ~~(i) satisfying itself, in its sole and absolute discretion, that the HomeKey Funds shall be sufficient to complete Buyer's planned redevelopment of the Property, and (iii) finalizing any remaining administrative matters relating to the HomeKey Fund Approval that are required for funding of the HomeKey Funds (collectively, "Final HomeKey Matters") to its satisfaction, as determined in its sole and absolute discretion ((i) and (ii) being collectively referred to herein as the "Final HomeKey Matters")~~ but reasonable discretion [NTD: Buyer should know whether there are sufficient HomeKey Funds and should not get an additional 30 days to make that determination]. Buyer may exercise said extension of the original Contingency Date to the First Extended Contingency Date by delivering written notice thereof to Seller and depositing an additional One Hundred Thousand Dollars (\$100,000) of earnest money deposit (the "**Additional Deposit**") with Escrow Holder on or before the original Contingency Date, time being of the essence. The Additional Deposit shall be added to and become part of the Deposit.

If Buyer fails to satisfy itself with respect to the Final HomeKey Matters, in its sole ~~and absolute~~ but reasonable discretion, Buyer shall have the right to terminate the Agreement by delivering written notice thereof ("**Buyer's Final HomeKey Matters Disapproval Notice**") to Seller on or before the First Extended Contingency Date, time being of the essence. If Buyer satisfies itself with respect to the Final HomeKey Matters, in its sole ~~and absolute~~ but reasonable discretion, Buyer shall notify Seller thereof in writing ("**Buyer's Final HomeKey Matters Approval Notice**") on or before the First Extended Contingency Date, in which case, Buyer shall be deemed to have approved the Property, obtained the HomeKey Fund Approval and satisfied itself with respect to the Final HomeKey Matters. If Buyer fails to timely deliver either notice (Buyer's Final HomeKey Matters Approval Notice or Buyer's Final HomeKey Matters Disapproval Notice) on or before the expiration of the First Extended Contingency Date, time being of the essence, then Buyer shall automatically be deemed to have elected to terminate this Agreement. In the event of such termination, the Deposit (including accrued interest and the Additional Deposit, but less the Independent Consideration) shall immediately be returned to Buyer, this Agreement shall become null and void, and neither Party shall thereafter have any further rights or obligations under the Agreement except for any rights and obligations that expressly survive the termination hereof.

- (b) if Buyer has not obtained HomeKey Fund Approval on or before the original Contingency Date but Buyer has delivered the Buyer's Approval Notice to Seller on or before such date, the provisions of clause (a), above, shall not apply and, instead, Buyer shall have the right to extend the original Contingency Date to the First Extended Contingency Date for the sole purposes of obtaining HomeKey Fund Approval and satisfying itself with respect to the Final HomeKey Matters, in its sole and absolute discretion. Buyer may exercise said extension of the original Contingency Date to the First Extended Contingency Date by delivering written notice thereof to Seller and depositing the Additional Deposit with Escrow Holder on or before the original Contingency Date, time being of the essence. The Additional Deposit shall be added to and become

part of the Deposit.

Provided Buyer obtains HomeKey Fund Approval on or before the expiration of the First Extended Contingency Date, Buyer shall deliver notice thereof to Seller and Buyer shall thereafter have the option to extend the First Expected Contingency Date by an additional thirty (30) days ("**Second Extended Contingency Date**") for the sole purpose of satisfying itself with respect to the Final HomeKey Matters, in its sole ~~and-absolute~~but reasonable discretion. Buyer may exercise said extension of the First Extended Contingency Date to the Second Extended Contingency Date by delivering written notice thereof to Seller and authorizing Escrow Holder to immediately release to Seller One Hundred Fifty Thousand Dollars (\$150,000) of the Deposit (the "**Released Deposit**") on or before the First Extended Contingency Date, time being of the essence. Upon the release of the Released Deposit to Seller, the Released Deposit shall become nonrefundable to Buyer but applicable to the Purchase Price except in the event of a Seller breach, in the event that the Escrow is terminated pursuant to the provisions of this clause (b), Paragraph 9.1(c) of this Addendum, below, or Paragraph 9.1(n) (Destruction, Damage or Loss) of the Form Agreement, or as otherwise expressly provided in this Agreement. Notwithstanding the foregoing, or anything contained herein to the contrary, in the event that the Acquisition Condition has not been satisfied by the date on which Escrow Agent is otherwise obligated to release the Release Deposit to Seller, Escrow Agent shall continue to hold the Released Deposit in escrow and shall not release the Released Deposit to Seller until the Acquisition Condition has been satisfied.

If Buyer fails to obtain the HomeKey Fund Approval ~~or to satisfy itself with respect to the Final HomeKey Matters, in its sole and-absolute discretion~~on or before the First Extended Contingency Date, Buyer shall have the right to terminate the Agreement by delivering written notice thereof ("**Buyer's HomeKey Matters Disapproval Notice**") to Seller on or before the First Extended Contingency Date~~-or. If Buyer (i) obtains HomeKey Fund Approval on or before the First Extended Contingency Date, (ii) exercises its right to extend the First Extended Contingency Date to the Second Extended Contingency Date and (iii) fails to satisfy itself with respect to the Final HomeKey Matters, in its sole but reasonable discretion, on or before~~ the Second Extended Contingency Date, ~~as-applicable~~Buyer shall have the right to terminate the Agreement by delivering a Buyer's HomeKey Matters Disapproval Notice on or before the Second Extended Contingency Date, time being of the essence. If Buyer obtains the HomeKey Fund Approval and satisfies itself with respect to the Final HomeKey Matters, in its sole ~~and-absolute~~but reasonable discretion, Buyer shall notify Seller thereof in writing ("**Buyer's HomeKey Matters Approval Notice**") on or before the First Extended Contingency Date or the Second Extended Contingency Date, as applicable, and Buyer shall be deemed to have approved the Property, obtained the HomeKey Fund Approval and satisfied itself with respect to the Final HomeKey Matters. If Buyer fails to timely deliver either notice (Buyer's HomeKey Matters Approval Notice or Buyer's HomeKey Matters Disapproval Notice) on or before the expiration of the First Extended Contingency Date or the Second Extended Contingency Date, as applicable, time being of the essence, then Buyer shall automatically be deemed to have elected to terminate this Agreement. In the event of such termination, the Deposit (including accrued interest, the Additional Deposit and the Released Deposit (if applicable), but less the Independent Consideration) shall immediately be returned to Buyer, this Agreement shall become null and void, and neither Party shall thereafter have any further rights or obligations under the Agreement except for any rights and obligations that expressly survive the termination hereof.

Notwithstanding anything to the contrary contained herein, in no event shall the Contingency Date be later than the Second Extended Expected Contingency Date except as provided in clause (c), below.

- (c) if Buyer has obtained HomeKey Fund Approval and delivered Buyer's Approval Notice to Seller but there are still Property Occupants occupying the Property as of the Contingency Date,

First Extended Contingency Date or Second Extended Contingency Date, as applicable, the Contingency Date (as the same may have been extended) shall automatically be extended for twenty-one (21) days to enable Buyer to determine the impact of such Property Occupants on its development plans (“**Property Occupant Extension Period**”). If Buyer determines, in its sole ~~and absolute~~but reasonable discretion, that it is not economically feasible to purchase the Property due to the Property Occupants, Buyer shall have the right to terminate the Agreement by delivering written notice thereof (“**Buyer’s Occupant Disapproval Notice**”) to Seller on or before the expiration of the Property Occupant Extension Period, time being of the essence. If Buyer elects to proceed with the Closing notwithstanding the Property Occupants, Buyer shall notify Seller thereof in writing (“**Buyer’s Occupant Approval Notice**”) on or before the expiration of the Property Occupant Extension Period, in which case, Buyer shall be deemed to have approved the Property ~~and have obtained all required approvals necessary for the issuance of the HomeKey Funds~~(including the occupancy of the Property Occupants), obtained the HomeKey Fund Approval and satisfied itself with respect to the Final HomeKey Matters. If Buyer fails to timely deliver either notice (Buyer’s Occupant Approval Notice or Buyer’s Occupant Disapproval Notice) on or before the expiration of the Property Occupant Extension Period, time being of the essence, then Buyer shall automatically be deemed to have elected to terminate this Agreement. In the event of such termination, the Deposit (including accrued interest, the Additional Deposit (if applicable) and the Released Deposit (if applicable), but less the Independent Consideration) shall immediately be returned to Buyer, this Agreement shall become null and void, and neither Party shall thereafter have any further rights or obligations under the Agreement except for any rights and obligations that expressly survive the termination hereof.

Without limiting the provisions of Paragraph 9.1 of the Form Agreement, the satisfaction of all of the following shall also constitute “**Buyer’s Contingencies**”:

(r) Buyer shall have received all of Seller’s Documents (as hereinafter defined), to the extent in Seller’s actual possession, within ten (10) days following the Date of Agreement.

(s) Prior to the Contingency Date, Buyer shall have the right to review and approve current entitlements for the future redevelopment of the Property for Buyer’s intended use and to meet with government officials regarding the same. Seller shall reasonably cooperate, at no cost or liability to Seller, with Buyer’s efforts to obtain information about the Property from applicable government agencies, including, without limitation, signing any forms required by such government agencies to confirm that they are authorized to share information about the Property with Buyer, as necessary.

9.3. Buyer’s Approval or Disapproval (Continued). Notwithstanding anything to the contrary contained in the Form Agreement or this Addendum, Buyer shall have until the Contingency Date to approve or disapprove, in Buyer’s sole and absolute discretion, any matter concerning the Property or this transaction (including, without limitation, the inspections described in Paragraph 9 of the Form Agreement and this Addendum); provided, however, that, subject to the terms of Paragraph 9.1 of this Addendum, Buyer may have until the First Extended Contingency Date or the Second Extended Contingency Date, as applicable, to satisfy itself, ~~in its sole and absolute discretion~~, with respect to the (i) final governmental approval of funds from the Project HomeKey program administered by the California Department of Housing and Community Development (“**HomeKey Funds**” and such approval referred to herein as “**HomeKey Fund Approval**”), (ii) the Final HomeKey Matters, and/or (iii) the Property Occupants, as applicable. In the event that Buyer waives Buyer’s Contingencies and approves of the Property, then Buyer shall deliver a written approval notice to Seller and Escrow Holder (“**Buyer’s Approval Notice**”) on or before the original Contingency Date electing to proceed with the Closing hereunder; provided, however, that if Buyer elects to extend the original Contingency Date to the First Extended Contingency Date pursuant to Paragraph 9.1(a) or (b), above, or if there are still Property Occupants occupying the Property as of the Contingency Date, said Buyer’s Approval Notice may exclude Buyer’s approval of the HomeKey Fund Approval, the Final HomeKey Matters and/or the the Property Occupants, as applicable. If at any

time prior to the Contingency Date, Buyer, in its sole and absolute discretion, is not satisfied with its inspections or with any other aspect of the Property, or desires to terminate this Agreement for another reason (including failure to obtain HomeKey Fund Approval), Buyer may terminate this Agreement by delivering a written disapproval notice to Seller and Escrow Holder on or before the Contingency Date (“**Buyer’s Disapproval Notice**”). If Buyer fails to timely deliver either notice (Buyer’s Approval Notice or Buyer’s Disapproval Notice) on or before the Contingency Date, time being of the essence, then Buyer shall automatically be deemed to have disapproved of the Property and elected to terminate this Agreement. In the event of such termination, the Deposit (including accrued interest, the Additional Deposit (if applicable) and the Released Deposit (if applicable), but less the Independent Consideration) shall immediately be returned to Buyer, this Agreement shall become null and void, and neither Party shall thereafter have any further rights or obligations under the Agreement except for any rights and obligations that expressly survive the termination hereof.

It is the intent of the Parties that upon delivery to Seller of Buyer’s Approval Notice, (1) Buyer shall be deemed to have satisfied or waived all Buyer’s Contingencies and otherwise approved the Property (other than the HomeKey Fund Approval, the Final HomeKey Matters and/or the Property Occupants, as applicable), and (2) the Deposit (including the Additional Deposit) shall be deemed non-refundable to Buyer but applicable to the Purchase Price except in the event of a Seller breach, in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(a), (b) or (c) of this Addendum or Paragraph 9.1(n) (Destruction, Damage or Loss) of the Form Agreement, or as otherwise expressly provided in this Agreement

12.1. Representations, Warranties and Covenants of Seller (Continued).

(m) To Seller’s actual knowledge, there are no pending or threatened eminent domain, zoning or other land-use regulation proceedings which would affect the use or operation of the Property, and Seller has not been involved in any settlement discussions with any governmental agency regarding a sale of the Property in lieu of condemnation.

(n) To Seller’s actual knowledge, there are no third parties in possession of any portion of the Property, except for any Property Occupants as disclosed to Buyer in writing.

(o) To Seller’s actual knowledge, Seller’s Documents are complete and consist of such material non-privileged materials, documents, correspondence and information in Seller’s actual possession or control relating to the Property.

(p) To Seller’s actual knowledge, the Property contains seventy-eight (78) units.

(q) To Seller’s actual knowledge, Seller has not received any written notice that the Property or its operation violates any applicable laws, ordinances, rules, regulations, judgments, orders, or covenants, conditions and restrictions, whether federal, state, local, foreign, or private. To Seller’s actual knowledge, Seller has not received any written notice that the improvements at the Property are in violation of any applicable building or zoning codes or any other laws, regulations, or ordinances.

(r) Seller has not entered into any executory contracts for the sale of the Property, and to Seller’s actual knowledge, there do not exist any rights of first refusal or options to purchase the Property or any portion thereof.

(s) From and after the satisfaction of the Acquisition Condition and until the Closing, Seller shall maintain a policy of casualty insurance providing so-called “all-risk” coverage for the full replacement value of the improvements on the Property.

(t) Except as may be required in connection with any Property Occupants, Seller shall not enter into any new lease or agreement, or modify or terminate any existing lease or agreement, relating to the Property without Buyer's prior written consent, which may be withheld in Buyer's sole and absolute discretion.

~~(u) Seller has or will have as of the Closing good and marketable title to the Personal Property, free and clear of all liens and encumbrances.~~

(u) ~~(+)~~ As conditions to close under the Acquisition PSA (collectively, "**Acquisition Delivery Conditions**"), the Current Owner is required to (i) cause to be terminated the existing lease and all other franchise agreements, property management agreements, and any other or related contracts in connection with the Property and/or the operations on the Property (collectively, "**Operation Contracts**") and (ii) deliver possession of the Property to Seller at Closing free of all tenants, occupants, licensees, and guests or any other claims or rights to possess all or any portion of the Property (collectively, "**Property Occupants**"). Provided the Acquisition Delivery Conditions have been satisfied, Seller shall deliver the Property to Buyer at Closing with all Operation Contracts terminated and free of occupancy. Notwithstanding the foregoing but subject to Buyer's rights under Section 9.1, above, if Seller elects to close escrow under the Acquisition PSA notwithstanding that certain Property Occupants have not yet vacated, the existence of certain Property Occupants at the Property at Closing (1) shall not constitute a default by Seller under the Agreement, (2) shall not constitute a failure of a condition to close and (3) shall not otherwise affect, modify or delay Buyer's obligation to close Escrow pursuant to the terms and conditions of the Agreement.

14. Buyer's Entry (Continued). The following sentences shall be added to the end of Paragraph 14 of the Form Agreement: "Notwithstanding anything herein, the foregoing indemnity shall not apply to (i) any preexisting condition, including without limitation, any Hazardous Materials located on, in, under or adjacent to the Property (including any release thereof), or (ii) any gross negligence or willful misconduct of Seller or any of Seller's employees, agents or contractors. In addition, (a) the indemnity, defense and hold harmless provisions contained herein shall survive any termination of the Agreement and the Closing, and (ii) Buyer and/or its consultants shall carry, or cause to be carried, liability insurance covering the Property during each and every entry onto the Property in an amount of not less than One Million Dollars (\$1,000,000.00) combined single limit for personal injury and property damage. In exercising its rights under Paragraph 14, Buyer shall not unreasonably interfere with the activities of Seller, Current Owner or its tenants, guests, occupants, invitees, agents, contractors or employees on the Property. In the event Buyer's inspections or studies reveal an environmental condition at the Property, Buyer shall notify Seller of such condition in writing but shall not report or disclose any such condition to any other third party except to the extent required by applicable law."

19.1. Notices (Continued). A copy of any notice delivered to Buyer under this Agreement shall be sent concurrently to Gubb and Barshay LLP, Attn. Patrick Sukeforth, 235 Montgomery Street, Suite 1110 San Francisco, CA 94104, e mail: psukeforth@gubbandbarshay.com. A copy of any notice delivered to Seller under the Agreement shall be sent concurrently to Garrett Stiepel Ryder LLP, Attn: Daniel H. Cho, 3200 Bristol Street, Suite 850, Costa Mesa, CA 92626, email: dcho@garrettlrp.com.

28. Seller's Documents. Within ten (10) days following the Date of Agreement (or such earlier date set forth in this Paragraph 28), Seller shall provide to Buyer copies of the following documentation (collectively, "**Seller's Documents**"), to the extent in Seller's actual possession or control, and relative to the Property, for Buyer's review in connection with its due diligence: (a) all documents required under Paragraph 9.1 of the Form Agreement; (b) all surveys (including ALTA surveys); (c) all plans and specifications (including, without limitation, as-built plans); (d) all permits, variances and approvals; (e) all environmental reports (including Phase I and Phase II), soils reports and geological reports; (f) any fire sprinkler certification and related warranties applicable to the improvements, mechanical, life safety,

HVAC, and other systems and equipment used in connection with the Property; (g) intentionally omitted; (h) intentionally omitted; (i) all service contracts relating to the Property; (j) a list of all personal property, furniture and fixtures included in the sale of the Property; (k) a list of all capital improvements completed during the past three (3) years, if any; (l) copies of real property tax bills for the past three (3) years; and (m) a redacted copy of the Acquisition PSA, which Acquisition PSA shall be provided to Buyer within one (1) day following the Date of Agreement.

29. Assets Included in Sale. Notwithstanding anything to the contrary contained in the Agreement, Buyer and Seller acknowledge and agree that the purchase and sale transaction contemplated by ~~this~~the Agreement ~~includes all~~shall not include any furniture, equipment and/or other personal property owned by Seller and/or otherwise located at and used exclusively in connection with the Property ~~and set forth in Schedule 29 attached hereto (collectively, the "Personal Property"). The consideration for the Personal Property is included in the Purchase Price. At Closing, Seller shall execute and deliver to Buyer a bill of sale transferring the Personal Property to Buyer, in such form as may reasonably be required by Buyer. All Personal Property transferred to Buyer by Seller at Closing shall be transferred on an AS IS basis, with all faults and defects, if any, and without any express or implied representation or warranty by Seller other than those expressly set forth in Paragraph 12.1.~~

30. **Condition of Property; AS-IS Transaction.** Buyer agrees that (a) except as expressly set forth in Paragraph 12.1 of the Agreement, the sale is concluded without warranties, representations or guarantees, express or implied, made by Seller; (b) the Property is purchased by Buyer on an "AS IS" basis with respect to the physical condition of the Property and all components thereof, including, without limitation, the environmental condition of the Property and the surrounding property, and all facilities, improvements, structures and equipment thereon and soil and groundwater thereunder, and all zoning and other ordinances of the City of Los Angeles concerning permitted uses for the Property; (c) any information, reports, statements, and documents regarding the Property or the condition thereof are delivered by Seller to Buyer only as an accommodation to Buyer, without representation or warranty (except that such documents are, to Seller's actual knowledge without duty to investigate or inquire, complete copies of the originals in Seller's actual possession or control), and not with the intent that these documents be relied on by Buyer, except to the extent that Seller has independently confirmed in writing to Buyer the validity of those documents and the information contained in them; and (d) Buyer's decision to purchase the Property is based only on the investigation, study and analysis of all aspects of the Property as made by Buyer and/or Buyer's agents, employees, representatives and/or independent contractors (collectively, "**Buyer's Investigation**"). Until the Contingency Date and subject to the terms and conditions of the Agreement, including Paragraph 14 of the Form PSA, as modified by this Addendum, Buyer shall have the right at its own expense to conduct a "phase 1" environmental assessment of the Property, provided that (i) under no circumstances shall Buyer have any right to conduct any "phase 2" or other intrusive environmental or soils testing without obtaining Seller's prior written consent, which may be withheld in Seller's sole, subjective, and absolute discretion; and (ii) with reasonable prior notice, Seller shall have the right to meet with Buyer's consultants, to all data generated by any assessments of the Property and to receive concurrently with Buyer copies of all reports provided by Buyer's consultants. Buyer acknowledges that Seller makes no representations or warranties regarding the environmental condition of the Property or the Property's compliance with any federal, state or local environmental, health or safety statutes, laws or regulations. Except as otherwise specifically provided in this Addendum, it is expressly understood by Buyer and Seller that all statements and representations made by Seller and Seller's agents and independent contractors (x) are intended by Buyer and Seller to be made only as an accommodation to Buyer and Buyer's Investigation and not in lieu of Buyer's Investigation, and (y) are not to be relied and acted on by Buyer. In connection with the foregoing, Buyer hereby waives, releases, discharges and holds Seller, Seller Affiliates, its officers, directors, shareholders, employees, partners, members, managers, beneficiaries, trustees, representatives, agents, successors and assigns (collectively, "**Indemnified Parties**") harmless from any and all suits, causes of action, legal or administrative proceedings, liabilities, claims, damages, losses, costs and expenses of whatever kind, known or unknown, including any action under the Comprehensive Environmental Response, Compensation, and Liability Act

of 1980, 42 U.S.C. 9601 et seq., as amended, and the provisions of California Health & Safety Code 25100 et seq., as amended (collectively, “**Losses**”), which Buyer had, has or may have, based upon the condition of the Property (including, without limitation, the presence, discharge, treatment, recycling, use, migration, storage, generation, release, disposal or transportation to or from the Property of any Hazardous Substances or the environmental condition of the Property) except to the extent that such Losses arise from or relate to (A) the release or disturbance of any Hazardous Substances by Seller, or (B) any Property condition existing as of the Acquisition Closing for which the Current Owner has an obligation to indemnify Seller under the terms of the Acquisition PSA, in which case, an Seller liability and obligation shall be strictly limited to the obligations and performance of Current Owner’s indemnification obligations (if any). The term “**Hazardous Substances**” as defined in Paragraph 9.1(c) shall also include any hazardous or toxic waste, substance, material, or constituent as defined in and restricted or otherwise regulated in any manner or degree by any applicable federal, state or local law, ordinance or regulation, or any other corrosive, reactive, ignitable, carcinogenic, toxic or reproductive toxic substances, materials or wastes (including, without limitation, any asbestos, asbestos containing materials, polychlorinated biphenyls, oil, or petroleum, including crude oil or any fraction thereof). Buyer hereby agrees, represents and warrants that the matters released herein are not limited to matters which are known, disclosed or foreseeable, and Buyer hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon Buyer by virtue of the provisions of Section 1542 of the California Civil Code, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Buyer’s Initials

Seller’s Initials

Buyer warrants that it is familiar with, has read, understands, and has consulted legal counsel of its choosing with respect to California Civil Code Section 1542 and Buyer realizes and acknowledges that factual matters now unknown to it may have given, or may hereinafter give, rise to actions, legal or administrative proceedings, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which are presently unknown, unanticipated and unsuspected and Buyer further agrees, represents and warrants that the provisions of this Paragraph have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge and acquit the Indemnified Parties from any such unknown causes of action, legal or administrative proceedings, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which are in any way related to the Agreement, this Addendum or the Property. Buyer’s obligations under this Paragraph 30 shall survive the Closing.

31. Buyer’s Conditions to Closing. The following conditions are conditions precedent to Buyer’s obligation to consummate the transaction contemplated by this Agreement:

(a) The irrevocable commitment by the Title Company, issued on or before the Contingency Date, to issue a standard coverage owner’s title policy to Buyer as required under the Form Agreement. Subject to Seller’s representations and warranties set forth in Paragraph 12.1 of the Agreement, the issuance of or the commitment to issue a title insurance policy to Buyer by the Title Company on the Closing Date shall conclusively establish that Seller conveyed the Property to Buyer as required by the Agreement and shall discharge in full Seller’s obligations hereunder with respect to title to the Property. Subject to Seller’s representations and warranties set forth in Paragraph 12.1 of the Agreement and Buyer’s rights with respect to any breach of the same as expressly provided in the Agreement, Buyer’s sole and exclusive remedy with regard to any defects in title shall be against the Title Company.

(b) All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made in all material respects and shall be true and correct in all material respects as of the Expected Closing Date, and Seller shall have complied in all material respects with all of Seller's covenants and agreements contained in this Agreement.

(c) All Operation Contracts shall have been terminated on or before the Expected Closing Date, except for any agreements Buyer agrees to assume in writing.

The conditions contained in this Paragraph 30 are intended solely for the benefit of Buyer. If any of the conditions set forth in this Paragraph 30 are not satisfied in any material respect on or prior to the Expected Closing Date, Buyer shall have the right, in its sole and absolute discretion, to waive the condition in question and proceed with the transaction contemplated hereby or, in the alternative, to terminate this Agreement by written notice to Seller and Escrow Holder; provided, however, that any such termination shall not relieve either Party of any obligations that expressly survive the termination of this Agreement, nor for any liability it may have under the terms and provisions of this Agreement for its wrongful failure to close.

32. Seller's Conditions to Closing. The following conditions are conditions precedent to Seller's obligation to consummate the transaction contemplated by this Agreement:

(a) Buyer has performed in all material respects all of its obligations under this Agreement required to be performed prior to Closing, including Buyer's obligation to tender all deliveries to be made by Buyer at Closing, including, without limitation, the Purchase Price.

(b) All of Buyer's representations and warranties made by Buyer continue to be correct and are correct in all material respects as of the Closing.

(c) The Acquisition Condition shall have been satisfied.

33. Natural Hazards Disclosure Statement. Within ten (10) days after the Date of Agreement, Escrow Holder shall deliver to Buyer and to Seller, at Seller's cost, a Natural Hazards Disclosure Statement for the Property in conformity with California Law.

34. Seller Default. In the event Escrow fails to close as a result of a material default by Seller under the Agreement, Buyer's sole and exclusive remedy, at law or in equity, shall be limited to either (a) cancellation of the Agreement and return of the Deposit (including, if applicable, the Released Deposit, but less the Independent Consideration) and, if applicable, the reimbursement of certain third-party costs of Buyer pursuant to Paragraph 1.1(a), or (b) the right to seek specific performance but only to the extent the Specific Performance Conditions have been satisfied. As used herein, the "**Specific Performance Conditions**" mean that (i) Buyer is ready, willing and able to close Escrow and has deposited with Escrow Holder all executed documents required to be delivered by Buyer under this Agreement, (ii) Buyer has provided evidence reasonably satisfactory to Seller and Escrow Holder that Buyer has readily available funds sufficient to close Escrow and (iii) Buyer has filed an action with a court of competent jurisdiction within forty-five (45) days after the scheduled Closing Date under this Agreement. Buyer hereby waives any and all other rights and remedies at law or in equity in connection with a Seller default.

35. Limitation of Liability. Notwithstanding anything to the contrary contained herein, the aggregate liability of Seller arising pursuant to or in connection with the breach of any representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller under the Agreement (or any document executed or delivered in connection herewith, including any amendments) (collectively, "**Contract Liabilities**") shall not exceed an amount equal to Six Hundred Thousand and 00/100 Dollars (\$600,000.00). Any claims made by Buyer for a breach of a Seller representation, warranty, indemnification or warranty shall be made on or before the date that is twelve (12) months after the Closing

and shall only be effective if Buyer files an action in a court of competent jurisdiction within such twelve (12) month period, and any representation and warranty not specified in such action shall expire. No trustee of any trust that holds title to the Property shall have any personal liability, directly or indirectly, under or in connection with the Agreement or any agreement made or entered into under or pursuant to the provisions of the Agreement, or any amendment to any of the foregoing made at any time or times, heretofore or hereafter, and Buyer and its successors and assigns and, without limitation, all other persons and entities, shall look solely to the assets of Seller for the payment of any claim or for any performance, subject to the limitations set forth herein, and Buyer, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

36. Assignment. Buyer may assign this Agreement and Buyer's rights and obligations hereunder to an entity owned or controlled by Buyer, without the consent of Seller, provided that (a) such assignment shall occur at least five (5) business days prior to the Expected Closing Date, and (b) any such assignee expressly agrees to assume Buyer's obligations hereunder pursuant to a written assignment and assumption agreement. In no event shall Buyer named at the beginning of this Agreement be released from liability hereunder. Further, in connection with the acquisition of the Property from the Current Owner, it is contemplated that an affiliate of Seller ("**Seller Affiliate**") will be the ultimate purchaser of the Property under the Acquisition PSA. Accordingly, Seller shall have the right to assign this Agreement and Seller's rights and obligations hereunder, without the consent of Buyer, to a Seller Affiliate, provided that (i) such assignment shall occur at least five (5) business days prior to the Expected Closing Date, (ii) the Seller Affiliate expressly agrees to assume Seller's obligations hereunder pursuant to a written assignment and assumption agreement and (iii) in no event shall Seller named at the beginning of this Agreement be released from liability hereunder.

37. Confidentiality. Except to the extent made part of the public record (e.g., recorded Grant Deed) or required in connection with the HomeKey Funds or any other potential financing for the acquisition and/or redevelopment of the Property, in no event shall Buyer disclose to the general public or any online or print publications (e.g., LA Times, The Real Deal, and other similar sale and trade publications) the name of Seller or any terms and conditions of this Agreement. Buyer's obligation under this Section 37 shall survive the Closing or termination of the Agreement.

38. Miscellaneous. This Agreement shall be deemed to have been drafted by both parties and shall not be interpreted against any person as drafter. This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be deemed an original, and such counterparts together shall constitute one and the same instrument. Any signature on this Agreement transmitted by electronic means (including, without limitation, by E-mail or DocuSign) shall be deemed the equivalent of an original "wet" ink signature for all purposes. All periods referred to in the Agreement shall include all Saturdays, Sundays and California or national holidays, unless the period of time specifies business days, provided that, if the date or last date to perform any act or give a notice with respect to the Agreement shall fall on a Saturday, Sunday or California or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or California or national holiday.

39. Not an Offer. Seller's delivery of unsigned copies of the Agreement and this Addendum is solely for the purpose of review by the party to whom delivered, and neither the delivery nor any prior communications between the parties, whether oral or written, shall in any way be construed as an offer by Seller, nor in any way imply that Seller is under any obligation to enter the transaction which is the subject of the Agreement. The signing of the Agreement and this Addendum by Buyer constitutes an offer which shall not be deemed accepted by Seller unless and until Seller has signed the Agreement and this Addendum and delivered a duplicate original to Buyer.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the Date of Agreement.

“BUYER”:

Weingart Center Association,
a California non-profit corporation

By: _____
Kevin Murray, President & CEO

“SELLER”:

Lindley Northridge LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET, EXCEPT THE NORTHWEST 64 FEET THEREOF OF THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, RECORDS OF SAID COUNTY, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGE 30](#) ET. SEQ. OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET;

THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWEST LINE OF NATIONAL BOULEVARD;

THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 2:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET OF THE NORTHWEST 64 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGE 30](#) ET. SEQ. OF MAPS;

THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET;

THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWEST LINE OF NATIONAL BOULEVARD;

THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 142, PAGE 30](#) ET. SEQ. OF MAPS;

THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET;

THENCE SOUTH 71° 18' 10" EAST TO THE SAID WEST LINE OF NATIONAL BOULEVARD;

THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

EXCEPTING THE NORTHEAST 142 FEET THEREOF.

PARCEL 4:

THE NORTHEAST 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, RECORDS OF SAID COUNTY, WITH THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGE 30](#) ET. SEQ. OF MAPS;
THENCE ALONG SAID EASTERLY LINE OF SHELBY DRIVE, NORTH 18° 41' 50" EAST 260 FEET;
THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD;
THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE WESTERLY 93.97 FEET THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF LAND DESCRIBED IN THE DEED TO NELLIE L. KELLER AND PAULINE MCCLISTER, RECORDED IN [BOOK 16514, PAGE 206](#) OFFICIAL RECORDS, OF SAID COUNTY, SAID CORNER BEING A PORTION IN THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, AT THE INTERSECTION OF SAID NORTHWESTERLY LINE WITH A LINE WHICH BEARS SOUTH 71° 18' 10" EAST FROM A POINT IN THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE AS SHOWN ON THE MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGES 30](#) TO 33 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT NORTH 18° 41' 50" EAST ALONG SAID EASTERLY LINE, 260 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE WITH SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD;
THENCE NORTH 71° 18' 10" EAST 20.19 FEET TO AN INTERSECTION WITH A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 20 FEET (AT WHICH A RADIAL LINE OF SAID CURVE BEARS NORTH 76° 16' 08" EAST);
THENCE SOUTHWESTERLY ALONG SAID CURVE 26.21 FEET MORE OR LESS TO A POINT IN SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD, AT WHICH IS RADIAL LINE OF SAID CURVE BEARS SOUTH 28° 39' 30" EAST;
THENCE ALONG SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 33 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 5:

THE WESTERLY 93.97 FEET OF THE NORTHERLY 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, RECORDS OF LOS ANGELES COUNTY, WITH THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGE 30](#) ET SEQ., OF MAPS, RECORDS OF SAID COUNTY;
THENCE ALONG SAID EASTERLY LINE OF SHELBY DRIVE, NORTH 18° 41' 50" EAST 260 FEET;
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THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

[APN: 4311-004-037](#)

SCHEDULE 29
PERSONAL PROPERTY

Document comparison by Workshare Professional on Thursday, July 20, 2023
5:19:16 PM

Input:	
Document 1 ID	\\GSR-FS1\Wdox\GDS_DOCS\11359\0001\~VER\5\10840685.DOCX
Description	\\GSR-FS1\Wdox\GDS_DOCS\11359\0001\~VER\5\10840685.DOCX
Document 2 ID	\\GSR-FS1\Wdox\GDS_DOCS\11359\0001\10840685.DOCX
Description	\\GSR-FS1\Wdox\GDS_DOCS\11359\0001\10840685.DOCX
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	44
Deletions	42
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	88

TITLE REPORT



Commonwealth Land Title Company
601 S. Figueroa Street, Suite 4000
Los Angeles, CA 90017
Phone: (800) 432-0706

Commonwealth Land Title Company
601 S Figueroa St Suite 4000
Los Angeles, CA 90017

Attn: **Cheryl Greer**

Our File No: 09176144
Title Officer: Kathy Religioso
e-mail: Teamreligioso@cltic.com
Phone: (213) 330-2330
Fax: (213) 330-3105

Your Reference No:

Property Address: 3340 Shelby Drive, Los Angeles, California

PRELIMINARY REPORT (V2)

Dated as of June 28, 2023 at 7:30 a.m.

In response to the application for a policy of title insurance referenced herein, Commonwealth Land Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitation on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

The policy(s) of title insurance to be issued hereunder will be policy(s) of **Commonwealth Land Title Insurance Company**.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

SCHEDULE A

The form of policy of title insurance contemplated by this report is:

None

ALTA Extended Loan Policy of Title Insurance (6-17-06)

None

The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is [vested in:](#)

LOS ANGELES CA SENIOR PROPERTY, LLC, a Delaware limited liability company

The land referred to herein is situated in the County of Los Angeles, State of California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT "A"

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET, EXCEPT THE NORTHWEST 64 FEET THEREOF OF THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN [BOOK 526, PAGE 122](#) DEEDS, RECORDS OF SAID COUNTY, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN [BOOK 142, PAGE 30](#) ET. SEQ. OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET;

THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWEST LINE OF NATIONAL BOULEVARD;

THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 2:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET OF THE NORTHWEST 64 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

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THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

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THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET;

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THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

EXCEPTING THE NORTHEAST 142 FEET THEREOF.

PARCEL 4:

THE NORTHEAST 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1,

PAGE 208 PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

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EXCEPT THEREFROM THE WESTERLY 93.97 FEET THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

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THENCE ALONG SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 33 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 5:

THE WESTERLY 93.97 FEET OF THE NORTHERLY 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN [BOOK 1, PAGE 208](#) PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

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THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD;
THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

Assessor's Parcel Number: [4311-004-037](#)

SCHEDULE B – Section A

The following exceptions will appear in policies when providing standard coverage as outlined below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

SCHEDULE B – Section B

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2023-2024.
- B. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

- 1. Water rights, claims or title to water, whether or not disclosed by the public records.
- 2. An irrevocable offer to dedicate an easement over a portion of said Land for

Purpose(s): public street, road or highway
Recording Date: July 12, 1968
Recording No: as [Instrument No. 1968-3595 Official Records](#)
Affects: A portion of said land as more particularly described in said document.

- 3. Matters contained in that certain document

Entitled: Covenant and Agreement to Provide Parking Attendant
Recording Date: September 06, 1968
Recording No: as [Instrument No. 1968-3378 Official Records](#)

Reference is hereby made to said document for full particulars.

- 4. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: water pipelines
Recording Date: January 10, 1969
Recording No: as [Instrument No. 1969-2469 Official Records](#)
Affects: A portion of said land as more particularly described in said document.

- 5. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: public street, road or highway
Recording Date: January 22, 1970
Recording No: as [Instrument No. 1970-225 Official Records](#)
Affects: A portion of said land as more particularly described in said document.

- 6. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$156,250,000.00
Dated: March 02, 2022
Trustor/Grantor: Los Angeles CA Senior Property, LLC, a Delaware limited liability company
Trustee: First American Title Insurance Company, a Nebraska corporation
Beneficiary: Capital One, National Association, a national banking association, as administrative agent
Recording Date: March 03, 2022
Recording No: as [Instrument No. 20220247921 Official Records](#)

The effect of a Substitution of Trustee and Full Reconveyance recorded August 26, 2022 as [Instrument No. 20220852098 Official Records](#), which purports to reconvey the above-mentioned Deed of Trust.

No statement is made hereto as to the effect or validity of said reconveyance.

The requirement that this Company be furnished with confirmation from the lender that the Deed of Trust has been released prior to issuance of a policy of title insurance.

7. An assignment of all moneys due, or to become due as rental or otherwise from said Land, to secure payment of an indebtedness, shown below and upon the terms and conditions therein

Amount: \$156,250,000.00
Assigned to: Capital One, National Association, as administrative agent
Recording Date: March 03, 2022
Recording No: as [Instrument No. 20220247922 Official Records](#)

The effect of a Substitution of Trustee and Full Reconveyance recorded August 26, 2022 as [Instrument No. 20220852098 Official Records](#), which purports to reconvey the above-mentioned Deed of Trust.

No statement is made hereto as to the effect or validity of said reconveyance.

The requirement that this Company be furnished with confirmation from the lender that the Deed of Trust has been released prior to issuance of a policy of title insurance.

8. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

9. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey would disclose and which are not shown by the public records.
10. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.
11. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

END OF SCHEDULE B EXCEPTIONS

**PLEASE REFER TO THE "NOTES AND REQUIREMENTS SECTION" WHICH FOLLOWS FOR
INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION**

REQUIREMENTS SECTION:

1. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Los Angeles CA Senior Property, LLC, a Delaware limited liability company

- a) A copy of its operating agreement, if any, and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
 - b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps.
 - c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member.
 - d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity is currently domiciled.
 - e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.
 - f) If Limited Liability Company is a Single Member Entity, a Statement of Information for the Single Member will be required.
 - g) Each member and manager of the LLC without an Operating Agreement must execute in the presence of a notary public the Certificate of California LLC (Without an Operating Agreement) Status and Authority form.
2. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

INFORMATIONAL NOTES SECTION

1. The information on the attached plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.
2. For wiring Instructions please contact your Title Officer or Title Company Escrow officer.
3. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
4. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.
5. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
6. The following Exclusion(s) are added to preliminary reports, commitments and will be included as an endorsement in the following policies:
 - A. 2006 ALTA Owner's Policy (06-17-06).
 6. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - B. 2006 ALTA Loan Policy (06-17-06).
 8. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 9. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
 - C. ALTA Homeowner's Policy of Title Insurance (12-02-13) and CLTA Homeowner's Policy of Title Insurance (12-02-13).
 10. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - D. ALTA Expanded Coverage Residential Loan Policy - Assessments Priority (04-02-15).

12. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 13. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- E. CLTA Standard Coverage Policy 1990 (11-09-18).
7. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the public records but that would be disclosed by an examination of any records maintained by or on behalf of a tribe or on behalf of its members.
 8. Any claim of invalidity, unenforceability, or lack of priority of the lien of the insured mortgage based on the application of a tribe's law resulting from the failure of the insured mortgage to specify state law as the governing law with respect to the lien of the insured mortgage.
7. Please be aware that withholding is required on all California real estate transfers, with some exceptions. For more information go to the California Franchise Tax Board website at:
[https://www.ftb.ca.gov/forms/search/..](https://www.ftb.ca.gov/forms/search/)
8. Note: Property taxes, including any personal property taxes and any assessments collected with taxes, are paid. For proration purposes the amounts were:
- Tax Identification No.: 4311-004-037
Fiscal Year: 2022-2023
1st Installment: \$81,663.51
2nd Installment: \$81,663.50
Exemption: \$0.00
Code Area: 00067
9. Note: None of the items shown in this report will cause the Company to decline to attach ALTA Endorsement Form 9 to an Extended Coverage Loan Policy, when issued.
10. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a commercial property, known as 3340 Shelby Drive, Los Angeles, CA, to an Extended Coverage Loan Policy.
11. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

Typist: a1g
Date Typed: June 2, 2023

Wire Fraud Alert

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. **DO NOT** use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the phone number of relevant parties to the transaction as soon as an escrow account is opened.** **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do **NOT** reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Company

CTC – Chicago Title company
CLTC – Commonwealth Land Title Company
FNTC – Fidelity National Title Company of California
FNTCCA - Fidelity National Title Company of California
TICOR – Ticor Title Company of California
LTC – Lawyer's Title Company
SLTC – ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC – Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Company
FNTIC – Fidelity National Title Insurance Company
FNTIC - Fidelity National Title Insurance Company
CTIC – Chicago Title Insurance Company
CLTIC – Commonwealth Land Title Insurance Company
CTIC – Chicago Title Insurance Company

Available Discounts

DISASTER LOANS (CTIC, CLTIC, FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (24) months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be fifty percent (50%) of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

FIDELITY NATIONAL FINANCIAL, INC.

PRIVACY NOTICE

Effective January 1, 2023

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary's website and this Privacy Notice does not apply.

Collection of Personal Information

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g. Social Security Number, driver's license, passport, or other government ID number);
- financial account information (e.g. loan or bank account information); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

Collection of Browsing Information

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for three main purposes:

- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates', and others' products and services, jointly or independently.

When Information Is Disclosed

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to affiliated or nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;

- to affiliated or nonaffiliated third parties with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

Choices With Your Information

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (<https://fnf.com/pages/californiaprivacy.aspx>) or call (888) 413-1748.

For Nevada Residents: We are providing this notice pursuant to state law. You may be placed on our internal Do Not Call List by calling FNF Privacy at (888) 714-2710 or by contacting us via the information set forth at the end of this Privacy Notice. For further information concerning Nevada's telephone solicitation law, you may contact: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: aginqueries@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

For Virginia Residents: For additional information about your Virginia privacy rights, please email privacy@fnf.com or call (888) 714-2710.

Information From Children

The FNF Websites are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except as required or authorized by contract with the mortgage loan servicer or lender, or as required by law or in the good-faith belief that such disclosure is necessary: to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the

last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

Accessing and Correcting Information; Contact Us

If you have questions or would like to correct your Personal Information, visit FNF's [Privacy Inquiry Website](#) or contact us by phone at (888) 714-2710, by email at privacy@fnf.com, or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990 (11-09-18)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE OWNER'S POLICY (02-04-22)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:

- a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
 5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
 6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
 7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

PART I

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy and We will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, or regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23, or 27.
2. Any power to take the Land by condemnation. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 17.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by You;
 - b. not Known to Us, not recorded in the Public Records at the Date of Policy, but Known to You and not disclosed in writing to Us by You prior to the date You became an Insured under this policy;
 - c. resulting in no loss or damage to You;

- d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 5, 8.f., 25, 26, 27, 28, or 32); or
 - e. resulting in loss or damage that would not have been sustained if You paid consideration sufficient to qualify You as a bona fide purchaser of the Title at the Date of Policy.
4. Lack of a right:
- a. to any land outside the area specifically described and referred to in Item 3 of Schedule A; and
 - b. in any street, road, avenue, alley, lane, right-of-way, body of water, or waterway that abut the Land.
- Exclusion 4 does not modify or limit the coverage provided under Covered Risk 11 or 21.
5. The failure of Your existing structures, or any portion of Your existing structures, to have been constructed before, on, or after the Date of Policy in accordance with applicable building codes. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 14 or 15.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transfer of the Title to You is a:
- a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 30.
7. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
8. Negligence by a person or an entity exercising a right to extract or develop oil, gas, minerals, groundwater, or any other subsurface substance.
9. Any lien on Your Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 9 does not modify or limit the coverage provided under Covered Risk 8.a. or 27.
10. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

Our Maximum Dollar

	<u>Your Deductible Amount</u>	<u>Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

ALTA OWNER'S POLICY (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

NOTE: The 2021 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

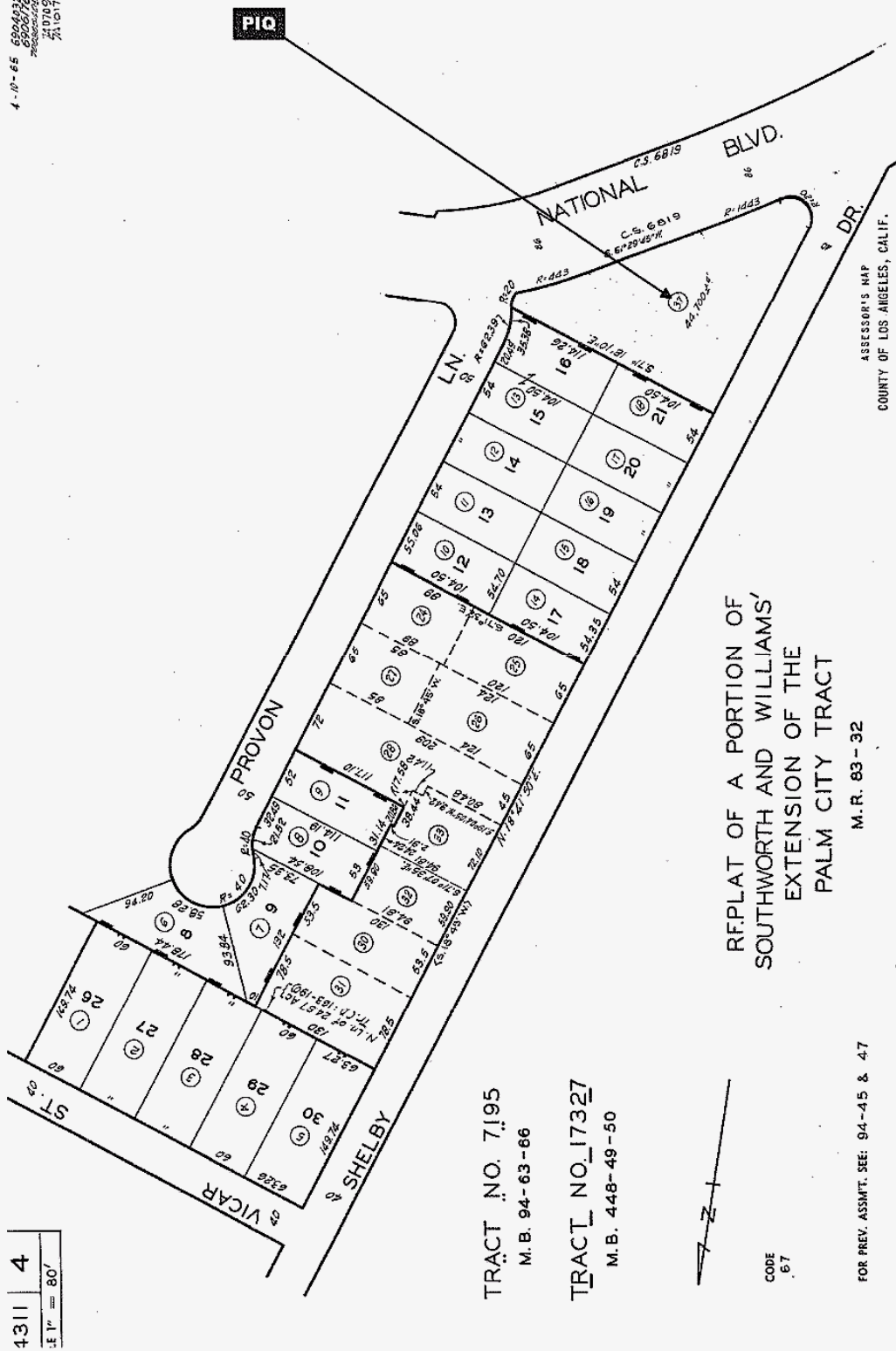
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

NOTE: The 2006 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed below as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

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This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)

- a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at _____,
further described as follows: See Preliminary Report/Commitment No. 09176144-917-CG8-KRE for full legal
description (the "Land").
- b. Declarant is the _____ of _____ ("Owner"),
which is the owner or lessee, as the case may be, of certain premises located at _____,
further described as follows: See Preliminary Report/Commitment No. 09176144-917-CG8-KRE for full legal
description (the "Land").

2. (Fill in the applicable paragraph and strike the other)

- a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
- b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows:

_____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Commonwealth Land Title Company against any and all claims arising therefrom.

3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.
8. There are no material violations of any current, enforceable covenant affecting the Property and the Undersigned has received no written notice from any third party claiming that there is a present violation of any current, enforceable covenant affecting the Property.

This declaration is made with the intention that Commonwealth Land Title Company and Commonwealth Land Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at _____.

Signature: _____

Signature: _____

LAHD AGREEMENT

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808
housing.lacity.org

Karen Bass, Mayor

June 9, 2023

Council File: 21-0112
Council Districts: Citywide
Contact Persons: Yaneli Ruiz (213) 808-8951
Eric Claros (213) 808-8662

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REPORT AND RECOMMENDATIONS RELATED TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT HOMEKEY PROGRAM ROUND 3; AND VARIOUS OTHER ACTIONS RELATED TO THE HOMEKEY PROGRAM

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully seeks approval and requests authority to approve the list of proposed co-applicants selected in response to the Request for Qualifications (RFQ) for the Homekey Program Round 3; authorize LAHD to provide award recommendations and execute necessary documents related to the applications to the State of California Department of Housing and Community Development (HCD) and discuss the actions necessary to implement the Homekey Program projects.

Additionally, LAHD requests authority to provide funding to the Housing Authority of the City of Los Angeles (HACLA). As part of a unified City strategy and to maximize the funding the state has made available, LAHD will provide a loan to HACLA to be used as Homekey local match for the projects that HACLA intends to acquire and apply for funds from the HCD Homekey Program Round 3. The deadline to apply to the HCD Homekey Program is July 28, 2023.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. APPROVE the recommended list of developers selected as potential co-applicants in response to the RFQ, listed in Attachment A;
 - B. AUTHORIZE the General Manager of LAHD, or designee to apply to the HCD Homekey NOFA

as co-applicants in partnership with the development teams listed in Table 2 of this report;

- C. AUTHORIZE the General Manager of LAHD, or designee to execute, on behalf of the City, a Standard Agreement, a Joint Application Agreement, and all related application documents for each of the projects selected in Table 2 that met the HCD Homekey Program requirements, subject to the City Attorney approval as to form and legality;
- D. ADOPT the Resolutions, provided in substantial final form as Attachment B, approving the LAHD's participation as a co-applicant in the HCD Homekey Program Round 3, as required by the HCD, in order to submit the funding applications
- E. AUTHORIZE the General Manager of LAHD, or designee, to issue a funding recommendation letter for the projects requesting funds as identified in Table 2 of this report, subject to the following conditions:
 - a. The final commitment will not exceed the amount listed;
 - b. The project sponsor must apply to the HCD Homekey Program Round 3, and;
 - c. The disbursement of LAHD funds will occur only after the sponsor obtains enforceable commitments for all proposed funding.
- F. AUTHORIZE the General Manager of LAHD, or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute the acquisition/ predevelopment/ construction/ permanent loan agreements with the legal owner of the properties identified in Table 2, subject to the conditions obtained in the LAHD Award Letter and this transmittal.
- G. AUTHORIZE the General Manager of LAHD, or designee, to execute subordination agreements of the City's financial commitment, wherein the City and Regulatory Agreements are subordinated to their respective conventional or municipally funded construction and permanent loans, as required for;
- H. AUTHORIZE the General Manager of LAHD, or designee, to allow the transfer of the City's financial commitment to a limited partnership or other legal entity formed solely for the purpose of owning and operating the project in accordance with the City, State and federal requirements for the projects identified in Table 2;
- I. AUTHORIZE the City Controller, to:
 - a. Obligate funds for the project listed below:

Project Name	Account Name	Fund No	Account	Amount
Motel 6 North Hills	HOME ARP	65M	43VB79- HOME ARP- Homekey	\$12,940,000
Cheviot- Shelby	General Fund			\$31,567,800

- b. APPROVE Homeless Housing, Assistance and Prevention Program (HHAP) funds for the projects listed in Table 2 of this report as follows:

Project Name	Account Name	Amount
Motel 6- North Hills	HHAP- 3, Permanent Supportive Housing	\$15,000,000
Oak Tree Inn	HHAP- Youth Set-Aside	\$7,630,200
	TOTAL	\$22,630,200

- J. AUTHORIZE the City Controller, to obligate and transfer funds to HACLA, as listed below:

Fund No	Account Name	Account	Amount
561	HOME	43V800-AHMP	\$7,000,000
561	HOME	43W800-AHMP	\$3,000,000
		SUB-TOTAL	\$10,000,000
65M	HOME ARP	43VB79- HOME ARP- Homekey	\$4,567,519
		SUB-TOTAL	\$4,567,519
64R	SB2	43V723- Rental New Construction	\$5,252,761
		43V724- Rental Preservation	\$5,768,306
		43W724- Rental Preservation	\$4,411,414
		SUB-TOTAL	\$15,432,481
		TOTAL	\$30,000,000

- K. AUTHORIZE the General Manager of LAHD, or designee to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

BACKGROUND

Request for Qualifications (RFQ) Procurement Process and Results

On February 28, 2023, LAHD released the RFQ to select development teams for Homekey Program Round 3 via the Regional Alliance Marketplace for Procurement (RAMP). A proposer's conference was conducted virtually on March 8, 2023. A total of 53 entities registered and 45 individuals attended the conference. LAHD received a total of 31 proposals from 25 agencies by the submission date of March 28, 2023. First, all proposals were reviewed to ensure that they met the minimum requirements for eligibility and included all information critical for the RFQ review. The HCD Homekey Round 3 NOFA was not available at the time of the LAHD application timeframe and therefore, the HCD Round 2 regulations were used as guidance. Second, the proposals were scored using the evaluation criteria published in the RFQ documents, and the points matrix is listed below:

Evaluation Criteria	Maximum Score
1. Demonstrated Experience and Capacity a. Acquisition and Building Improvements (20 points) b. Asset and Property Management (5 points) c. Supportive Services (10 points) d. Fiscal and Budgetary Experience (10 points)	45
2. SITE SPECIFIC PROPOSAL a. Plans for Acquisition and Building Improvements	5
TOTAL POINTS	50

In order to be considered for selection, proposals must receive a score of 35 or higher out of a maximum 50 total points. The demonstrated experience and capacity points were awarded for demonstrating the ability to manage and operate permanent or interim supportive housing. The site specific points were awarded based on the proposer's ability to demonstrate a strong understanding of the necessary work for the project and what services could be provided once the project was operational. A total of 14 development teams achieved at least 35 total points.

Appeals

LAHD sent point score letters to all applicants and allowed five business days to appeal the results. LAHD received appeal requests from seven applicants. After review of the appeals, no changes were made to the final results. A list of the development teams which scored at least the minimum 35 points was posted on the City's RAMP website. All proposers that were not selected were notified of the outcome of the RFP review process. All appeals were processed in accordance with procurement procedures.

Site Selection Phase

On May 5, 2023, after the appeal period expired, the development teams that passed the minimum score threshold, were invited to participate in the second phase of the selection process. Teams were asked to submit site specific information as well as submit a self-score sheet based on the HCD Round 3 NOFA. The applicants were given until May 23, 2023 to submit the documents. The intent is to select the sites which meet the HCD requirements and are deemed to be highly competitive for HCD Homekey funds. A total of twelve site proposals were submitted by the deadline. Seven sites are proposing interim housing and five sites are proposing permanent supportive housing. Table 1, below, lists the proposed sites and site details.

TABLE 1 – List of Proposed Sites						
#	Proposer Name	Permanent/ Interim	# of Units	Site Address	CD	Existing Bldg. Type
1	Hope the Mission/ CDRG	Interim	111	15711 Roscoe Blvd, 91343	12	Motel
2	Hope the Mission/ CDRG	Interim	26	17748 Ventura Blvd, 91316	4	Motel
3	Weingart	Interim	76	3340 Shelby Dr., 90034	5	Residential Facility
	SITES NOT SELECTED					
4	LA Family Housing	Interim	60	14530 W Sylvan St, 91411	6	Health Facility

5	CRCD	Interim	23	1415-1419 W 65th Pl	8	New Construction
6	Dignity Moves/ Metro	Interim	24	Slauson & Holmes	8	New Construction
7	Bueno Group	Interim	37	417 S Kenmore Ave, 90020	10	Shared MF
7	Weingart / Valued Housing	Interim	122	19200 Harborage Way, 90501	15	Hotel
8	The People Concern	Permanent	64	13561 Sherman Way, Van Nuys, 91406	2	Multifamily
9	VOALA	Permanent	80	20205 W Ventura Blvd	3	New Construction
10	Affordable Living for the Aging/ Primestor	Permanent	24	5879 Crenshaw Blvd, 90043	8	New Construction
11	CRCD	Permanent	28	3716 Venice Blvd	10	Multifamily
12	VOALA	Permanent	63	19325 W Londerius St	12	New Construction

After reviewing the submittals, three sites were selected based on the development team's experience, potential scoring, site amenities and proposed timeline. A project summary for each of the sites with additional details including, affordability and target population, is included as Attachment C. A summary of the funding recommendations is included in this report as Table 2.

Motel 6- 15711 W Roscoe Blvd., North Hills

Hope the Mission (HTM) scored 42 out of 50 points in the initial phase of the process. HTM has previous experience with the HCD Homekey program. In Homekey Round 2, HTM submitted an application in coordination with the County of Los Angeles HTM will partner with Community Development Resource Group (CDRG) to prepare and submit the State application. CDRG also has extensive experience with applying and developing Homekey program sites.

HTM submitted a proposal for the site located at 15711 West Roscoe Boulevard, North Hills, CA 91343 in Council District 12. It will be an acquisition and rehabilitation of an existing Motel 6, built in 1979 with 114 rooms. The goal of the project is to convert the motel into an interim housing development with 110 units of supportive housing, one manager's unit, and supportive service area. It is situated within ½ mile from a rapid bus station and within one mile from a grocery store, library, health facility and pharmacy. The proposal to rehabilitate will take approximately eight months, which is within the requirements of the HCD Homekey program requirements.

Additionally, the HCD Homekey program awards operating subsidies if projects can demonstrate a commitment of four or more years of non-Homekey operating funds for assisted units, the HCD will provide operating funds for three years. Therefore, in order to apply for these subsidies, the project will require approximately \$16,060,000 in operating subsidies for four years from LAHD. The project's budget requests approximately \$11,000,000 in capital funding, however, the development team is still completing due diligence and cost estimating is ongoing, therefore, LAHD recommends awarding an amount not to exceed \$11,880,000 in match funds in order to cover any cost increases discovered prior to the submission of the HCD Homekey application. The project will provide 111 interim housing units.

Oak Tree Inn- 17748 Ventura Blvd

The second site is also a proposal submitted by the HTM and CDRG development team. As previously described, the development team has extensive experience with the operation of supportive housing and more specifically, using the HCD Homekey program. The Oak Tree Inn is located at 17748 Ventura Blvd, Encino CA 91316 in Council District 4. It will be an acquisition and rehabilitation of an existing Motel built in 1949 with 26 rooms and one manager's unit. The goal of the project is to convert the motel into an interim Transition Age Youth (TAY) housing development with 26 units of interim housing, while converting the manager's unit and lobby into a supportive service area. It is an excellent location for TAY interim housing, as the youth will be in a pedestrian oriented environment with easy access to retail and service jobs, high quality transit, and other youth amenities. This project is in a well located area with many surrounding amenities along Ventura Blvd in Encino. It serves the dual purpose of removing blight and providing safe, well managed interim housing for transition age youth. The garden-style motel is a perfect fit for youth to gain independence in a supportive environment. The project is shovel ready, with preliminary plans, preliminary budget, appraisal and environmental reports. Finally, this is a comparatively small project compared to other HomeKey projects. Smaller projects like this have a potential competitive advantage as the HomeKey funds are allocated, as they can potentially squeeze in ahead of other larger projects to fill up the round.

The developer intends to leverage its current TAY contract with LAHSA to generate an additional \$1,310,400 in HomeKey operating subsidy to create a four year operating reserve. However, in order prepare for further commitment required by the HCD program, LAHD recommends to obligate \$3,796,000 in operating subsidy. Additionally, the project's budget requests \$3,550,100 in capital funds, currently, the development team is still completing due diligence and cost estimating is ongoing, therefore, LAHD recommends awarding an amount not to exceed \$3,834,200 in match funds in order to cover any cost increases discovered prior to the HCD Homekey application. The project will provide 26 interim housing units.

Cheviot Hills- 3340 Shelby Drive

Property is located at 3340 Shelby Drive, Los Angeles, CA 90034, in Council District 5. It will be an acquisition and rehabilitation of an existing Assisted Living facility built in 1968 with 76 rooms. The goal of the project is to convert the facility into an interim housing development with 76 units of interim housing while converting office and other common areas into supportive service area and community amenities. It is an excellent location for interim housing, as the occupants will be in a pedestrian-oriented environment with easy access to retail and service jobs, high-quality transit, and other amenities. The facility consists of one wood-construction three-story building (two stories wood, 1 story concrete/parking). The three-story building has guest units, common areas, and offices on the first and second floors with underground parking, storage, laundry, and utility areas on the first floor parking garage. Rooms will be upgraded with new floor and wall coverings as needed, new windows and doors as needed, new bathroom fixtures such as toilet and shower as needed. ADA and other code upgrades will be made as needed. Security and site upgrades will be completed. Some offices and common areas will be reconfigured in order to create resident services and management offices. No units will be taken offline.

The developer, Weingart, will be targeting chronically homeless individuals. In order to generate \$3,780,000 in HomeKey operating subsidy, the developer is requesting \$11,096,000 in LAHD operating subsidy, to create a four year operating reserve. Additionally, the project's budget requests \$18,955,290 in capital funds, currently, the development team is still completing due diligence and cost estimating is ongoing, therefore, LAHD recommends awarding an amount not to exceed \$20,471,800 in match funds in order to cover any cost increases discovered prior to the HCD Homekey application. The project will provide 76 interim housing units.

TABLE 2, LIST OF LAHD RECOMMENDATIONS						
Project Name	# of Units	Capital Match Requested	LAHD Recommended Amount	HCD Funding (Leverage)	LAHD Operating Match	HCD Operating Subsidies
Motel 6- North Hills	111	\$11,000,000	\$11,880,000	\$28,100,000	\$16,060,000	\$3,960,000
Oak Tree Inn	26	\$3,550,100	\$3,834,200	\$7,150,000	3,796,000	\$1,310,400
Cheviot Hills- Shelby	76	\$18,955,290	\$20,471,800	\$22,800,000	\$11,096,000	\$3,780,000
TOTAL	213		\$36,186,000		\$30,952,000	

The sites were reviewed with the intent of following the Mayor's strategy to end homelessness. The Mayor's focus is to work with urgency to create effective solutions to get people out of encampments, into interim housing, and then eventually into permanent housing. A key goal with these acquisitions is to help build a permanent infrastructure for interim housing so that we can have a place to get people off the streets, while strategically investing in our Housing Authority to help them acquire as many permanent housing units supported by long term operating subsidies as possible. An important part of the selection of these sites was to target high opportunity areas that have not benefited from Homekey resources in previous funding rounds. It is important for this program and these funds, to complement other City efforts aimed at reducing the number of people experiencing homelessness. Sites that had a large number of units or could support a large number of beds were prioritized. In addition, any sites that were intended for the transitional age youth population with minimal costs were also prioritized.

Sites not selected

The remaining ten sites were not selected to continue with the application process. Out of the ten sites, five are proposing interim housing and five are proposing permanent supportive housing. In reviewing the interim housing proposals, LAHD carefully considered the changes HCD made to the 2023 Homekey NOFA Round 3, specifically the addition of a new section outlining new requirements for interim housing proposals. The NOFA states; HCD, in its sole discretion may fail on threshold any interim housing project application that does not sufficiently demonstrate a need for interim housing, therefore, LAHD is limiting the submittal of interim housing applications. Additionally, the interim housing proposals would require operating subsidies in addition to capital financing, which in combination with the capital funds, increases the total amount requested. Due to the limited funding available, LAHD is not recommending any other interim housing sites.

Additionally, five site proposals are proposing new construction housing types; two interim sites and three permanent housing. The HCD Homekey NOFA states awardees will be subject to the following deadlines: 1. Acquisition, Rehabilitation, and/or construction must be completed 12 months from the date of award letter; 2. Capital expenditure must be completed within eight (8) months, or up to 15 months from the date of award if requesting an expenditure deadline extension; and, 3. Full occupancy must be achieved by 15 months from the date of award letter. Each of the narratives describe a very aggressive construction schedule, however, it was determined the risk in selecting these sites is too high and would jeopardize the HCD Homekey funding and more importantly the scarce LAHD matching funds.

Lastly, LAHD did not select any of the permanent supportive housing proposals because they all needed project based vouchers (PBV) and at this time, the inventory of PBVs is very limited and awards would not be available in time to apply by the July 28, 2023 deadline. To note, some of the proposals included narratives which describe tenant based vouchers, which are vouchers that “travel” with the individual rather than stay with the project. In looking at the long-term financing for these proposals, LAHD determined that it is not financially feasible to underwrite the projects with those types of operating subsidies. Additionally, private lenders have also not been able to fund private permanent loans using those subsidies which then results in a higher loan request from LAHD. Therefore, LAHD did not move forward with an award to the permanent housing proposals.

VARIOUS OTHER ACTIONS

As part of a unified City strategy to maximize the funding the state has made available, LAHD will provide a loan to the Housing Authority of the City of Los Angeles (HACLA) to help fund properties that would qualify for the HCD Homekey program. HACLA has been an active participant in the HCD Homekey program, both as an applicant and as a conduit partner. HACLA is an eligible entity to apply for HCD funding, but they still need financial assistance to close the funding gaps to acquire the properties. HACLA will allocate the project based vouchers needed to make the permanent supportive housing financially feasible. This partnership between the two organizations will ensure that the City creates permanent supportive housing units. HACLA is reviewing existing properties to acquire in order to convert them into permanent supportive housing. HACLA estimates they will need approximately \$30 million in order to purchase three newly constructed multi-family buildings and with approximately 95 permanent supportive housing units. Currently, however, HACLA is still completing due diligence and cost estimating is ongoing, therefore, LAHD recommends providing a loan directly to HACLA and HACLA will purchase the eligible properties and apply to the HCD Homekey program directly. The loan will be repaid through residual receipts and will be monitored by LAHD on an annual basis.

FISCAL IMPACT

The recommendations in this report will authorize LAHD to fund a total of three developments consisting of 213 interim housing units and approximately 95 permanent housing units with \$31,567,800 of General Fund from the Mayor’s Homelessness Budget and \$65,570,200 from non-general fund sources.

Approved By:

A handwritten signature in dark ink, appearing to read "Ann Sewill", written in a cursive style.

ANN SEWILL

General Manager

Los Angeles Housing Department

ATTACHMENTS:

Attachment A- List of Developers

Attachment B- Resolutions

Attachment C- Summaries

LAHD Project Homekey Round 3 RFQ

***List of Developers meeting the minimum point score requirement**

1. Brilliant Corners
2. Abbey Road Inc.
3. Venice Community Housing Corp.
4. The People Concern
5. PATH Ventures
6. Coalition for Responsible Community Development
7. Hope The Mission/CDRG
8. Abode Communities
9. Volunteers of America Los Angeles
10. Weingart Center Association/Valued Housing
11. DignityMoves
12. LA Family Housing
13. Bueno Group

**Pending approval from City Council and Mayor.*

ATTACHMENT B

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-01

15711 W Roscoe Blvd

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO HOPE THE MISSION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- B. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **HOPE THE MISSION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration.
- C. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$32,060,000**.
- 2. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$32,060,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “**Homekey Documents**”).
- 3. Co-Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and

timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

4. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: _____ NAYES: _____ ABSTAIN: _____ ABSENT: _____

The City Council of the City of Los Angeles does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

DATE

SEAL

CLERK'S NAME

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-02

17748 Ventura Blvd

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO HOPE THE MISSION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- D. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- E. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **HOPE THE MISSION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration.
- F. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey Program.

THEREFORE, IT IS RESOLVED THAT:

- 5. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$8,460,400**.
- 6. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$8,460,400**, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “**Homekey Documents**”).
- 7. Co-Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and

timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

8. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: _____ NAYES: _____ ABSTAIN: _____ ABSENT: _____

The City Council of the City of Los Angeles does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

DATE

SEAL

CLERK'S NAME

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-03

3400 Shelby Dr

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO WEINGART CENTER ASSOCIATION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- G. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- H. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **WEINGART CENTER ASSOCIATION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration.
- I. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey Program.

THEREFORE, IT IS RESOLVED THAT:

- 9. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$26,580,000**.
- 10. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$26,580,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “**Homekey Documents**”).
- 11. Co-Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and

timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

12. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: _____ NAYES: _____ ABSTAIN: _____ ABSENT: _____

The City Council of the City of Los Angeles does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

DATE

SEAL

CLERK'S NAME

Attachment C- Project Summary

PROJECT SUMMARY

Oak Tree Inn – 17748 Ventura Blvd, Encino CA 91316

PROJECT DESCRIPTION

The Oak Tree Inn is located at 17748 Ventura Blvd, Encino CA 91316 in Council District 4. It will be an acquisition and rehabilitation of an existing Motel built in 1949 with 26 rooms and one manager's unit. The goal of the project is to convert the motel into an interim Transition Age Youth (TAY) housing development with 26 units of interim housing, while converting the manager's unit and lobby into a supportive service area. It is an excellent location for TAY interim housing, as the youth will be in a pedestrian oriented environment with easy access to retail and service jobs, high quality transit, and other youth amenities. The motel consists of one wood construction two-story building and two wood construction one-story buildings around a central motor court. The two-story building has guest units on the second floor and the manager's unit, storage, and lobby on the ground floor. Guest rooms will be upgraded with new floor and wall coverings, new windows and doors where needed, new bathroom fixtures such as toilet and shower, and energy upgrades. The exterior of the site will be upgraded with ADA improvements, and a portion of the motor court area will be converted to outdoor gathering space. The motel has two other planted areas – on the west side and on the north side facing Ventura Blvd—that can be converted to verdant outdoor gathering areas.

The property has only one vehicular entry through a portal in the two-story building, and that portal will be upgraded with a gate to secure the entire site. Cameras will be installed throughout, ensuring a safe environment for residents and staff. We anticipate a fair amount of site work across the site, with opportunities to convert the motor court into outdoor gathering space. Solar panels will be installed on the roof, and a new energy efficient boiler will be installed. Other amenities will include a common gathering areas throughout and planted courtyards throughout the large site.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Hope the Mission (HTM) is the only owner and developer and will not form any partnerships.

POPULATION SERVED

Twenty-six (26) units will be reserved for homeless transition aged youth (TAY) individuals aged 18-24. Hope the Mission (HTM) provides comprehensive array of services to support individuals in moving them across the housing continuum. For youth services, HTM partners with Village Family Services(VFS), the lead Coordinated Entry System entity for TAY in this region. VFS will provide youth-specific services on site and has additional resources at their main campus a short drive away in North Hollywood. Services include intake & assessment, case management, housing navigation, referral & linkages, and basic needs (e.g., food, showers, clothing, laundry). We foster partnerships with other community providers to enhance our interim housing programs and include specialized services such as substance use, physical health services, mental health services with the Department of Mental Health and San Fernando Community Mental Health Center Inc. HTM will make extra effort to promote housing navigation to align with the Mayor's Inside Safe campaign.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	26	0	0	26
1- Bdrm	0	0	0	0
2 Bdrm	0	0	0	0
Total	26	0	0	26

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$ 7,150,000	\$ 275,000	67%
LAHD- HOME/ARP	\$3,550,100	\$ 136,542	33%
TOTAL	\$10,700,100	\$411,543	100%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 7,310,000	\$281,154	2.6%
Construction Hard Costs	\$ 1,825,000	\$70,192	0.7%
Hard Cost Contingency	\$200,000	\$7,692	0.1%
Architecture & Engineering	\$250,000	\$9,615	0.1%
Financing/ Legal	\$5,000	\$192	0.0%
Capitalized Reserves	\$9,100	\$350	0.0%
Soft Costs	\$272,000	\$10,462	0.1%
Soft Cost Contingency	\$50,000	\$1,923	0.0%
Developer Fee	\$ 780,000	\$30,000	0.3%
Non- Residential			
TOTAL	\$39,100,000	\$411,581	100%

OPERATING SUBSIDIES

Per the HCD Homekey regulations, if Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for three years. The project will use its existing LAHSA contract approximately for four years to meet the requirements of the Homekey program. The project is eligible for \$1,310,400 in HomeKey operating subsidy.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro route 240	Ventura Blvd and Encino Ave Encino CA 91316
Grocery Store	Within 1/2 mile radius	Sabzee Market	17461 Ventura Blvd Encino CA 91316
Health Facility	Within ½ mile radius	Family Urgent Care and Industrial Medical Clinic	16542 Ventura Blvd Encino CA 91316
Library	Within 1 mile radius	Encino – Tarzana Branch Library	18231 Ventura Blvd Encino CA 91316
Pharmacy	Within 1/2 mile radius	CVS Pharmacy	17230 Ventura Blvd Encino CA 91316
Park	Within 1 mile radius	Encino Park	16953 Ventura Blvd Encino CA 91316

TIMELINE

Milestone	Estimated Date
Open Escrow	2/24/2023
Apply to HomeKey	5/20/2023
HomeKey Award	7/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	12/1/2023
Construction end	7/30/2024
Placed in service	7/30/2024
Project meets HomeKey occupancy requirements	10/31/2024

PROJECT SUMMARY

Motel 6 North Hills - 15711 W. Roscoe Blvd, North Hills, CA 91343

PROJECT DESCRIPTION

Motel 6 North Hills is located at 15711 West Roscoe Boulevard, North Hills, CA 91343 in Council District 12. It will be an acquisition and rehabilitation of an existing Motel built in 1979 with 114 rooms. The goal of the project is to convert the motel into an interim housing development with 110 units of supportive housing, one manager's unit, and supportive service area. The current building is a two-story wood-framed stucco "L" shaped building with guest rooms on both floors in both wings. Guest rooms will be upgraded with new floor and wall coverings, new windows and doors where needed, new bathroom fixtures such as toilet and shower, and energy upgrades.

The property will be upgraded with fences or barriers for security where appropriate, and cameras will be installed throughout, ensuring a safe environment for residents and staff. We anticipate a fair amount of site work across the site, with opportunities to fill the pool in and convert some of the parking to usable outdoor space. Solar panels will be installed on the roof, and a new energy efficient boiler will be installed. Parking is located on the ground floor and the developer will look for mental and behavioral health uses to be installed on the underutilized parking lot in the future. Other amenities will include a common gathering areas throughout and planted courtyard in place of the swimming pool on the southern portion of the site. The building already has fire sprinklers.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Hope the Mission (HTM) is the developer, and will not form any partnerships.

POPULATION SERVED

One-Hundred and Ten (110) units will be reserved for homeless individuals (interim). Hope the Mission (HTM) provides comprehensive array of services to support individuals in moving them across the housing continuum. Services include intake & assessment, case management, housing navigation, referral & linkages, and basic needs (e.g., food, showers, clothing, laundry). We foster partnerships with other community providers to enhance our interim housing programs and include specialized services such as substance use, physical health services, mental health services with the Department of Mental Health and San Fernando Community Mental Health Center Inc. HTM will make extra effort to promote housing navigation to align with the Mayor's Inside Safe campaign.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	110			110
1- Bdrm				
2 Bdrm			1	1
Total	110		1	111

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$ 28,100,000	\$ 250,893	72%
LAHD- HOME/ARP	11,000,000	98,214	28%
TOTAL	\$39,100,000	\$464,974	100%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 24,010,000		
Construction Hard Costs	\$ 10,757,000		
Hard Cost Contingency	\$200,00		
Architecture & Engineering	750,000		
Financing/ Legal	380,000		
Capitalized Reserves	100,000		
Soft Costs	\$903,000		
Soft Cost Contingency	\$100,000		
Developer Fee	\$ 1,890,000		
Non- Residential			
TOTAL	\$39,100,000		

OPERATING SUBSIDIES

Per the HCD Homekey regulations, if Projects can demonstrate a commitment of up to three years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for two years. The project will require approximately \$16,060,000 in LAHD operating subsidies for three years in order to meet the requirements of the Homekey program. The project is eligible for \$3,960,000 in HCD Homekey operating subsidy.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro route 152	Roscoe and Haskell Van Nuys CA
Grocery Store	Within 1 mile radius	Food 4 Less	16208 Parthenia St North Hills CA 91343
Health Facility	Within ½ mile radius	Mission City Community Network	8527 Sepulveda Blvd North Hills, CA 91343
Library	Within 2 mile radius	Mid Valley Regional Library	16244 Nordhoff St North Hills, CA 91343
Pharmacy	Within 1 mile radius	Metro Pharmacy	8660 Woodley Ave North Hills, CA 91343
Park	Within 1 mile radius	North Hills Community Park	8756 Parthenia Pl North Hills, CA 91343

TIMELINE

Milestone	Estimated Date
Open Escrow	2/24/2023
Apply to HomeKey	5/20/2023
HomeKey Award	7/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	12/1/2023
Construction end	7/30/2024
Placed in service	7/30/2024
Project meets HomeKey occupancy requirements	10/31/2024

PROJECT SUMMARY

Cheviot Hills – 3340 Shelby Dr, Los Angeles, CA 90034

PROJECT DESCRIPTION

Shelby Drive Interim Housing is located at 3340 Shelby Dr, Los Angeles, CA 90034, in Council District 5. It will be an acquisition and rehabilitation of an existing Assisted Living facility built in 1968 with 76 rooms and multiple common and amenity areas. The goal of the project is to convert the facility into an interim housing development with 76 units of interim housing while converting office and other common areas into supportive service area and community amenities. It is an excellent location for interim housing, as the occupants will be in a pedestrian-oriented environment with easy access to retail and service jobs, high-quality transit, and other amenities. The facility consists of one wood-construction three-story building (two stories wood, 1 story concrete/parking). The three-story building has guest units, common areas, and offices on the first and second floors with underground parking, storage, laundry, and utility areas on the first floor parking garage. Rooms will be upgraded with new floor and wall coverings as needed, new windows and doors as needed, new bathroom fixtures such as toilet and shower as needed. ADA and other code upgrades will be made as needed. Security and site upgrades will be completed. Some offices and common areas will be reconfigured in order to create resident services and management offices. No units will be taken offline.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Weingart Center Association (Weingart) is the only owner and developer and may form an LLC which would be the ownership entity.

POPULATION SERVED

Seventy-six (76) units will be reserved for homeless individuals. Weingart provides a comprehensive array of services to support individuals in moving them across the housing continuum.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	76	0	0	76
1- Bdrm	0	0	0	0
2 Bdrm	0	0	0	0
Total	76	0	0	76

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$22,800,000	\$0	0%
LAHD- HOME/ARP	\$18,955,290	\$0	0%
TOTAL	\$41,755,290	\$0	0%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 30,440,000	\$ 400,526	72.9%
Construction Hard Costs	\$ 5,959,065	\$ 78,409	14.27%
Hard Cost Contingency	\$ 893,860	\$ 11,761	2.14%
Architecture & Engineering	\$ 375,000	\$ 4,934	0.90%
Financing/ Legal	\$ 776,365	\$ 10,215	1.86%
Capitalized Reserves	\$ 200,000	\$ 2,632	0.48%
Soft Costs	\$ 1,376,000	\$ 18,105	3.30%
Soft Cost Contingency	\$ 200,000	\$ 2,632	0.48%
Developer Fee	\$ 1,535,000	\$ 20,197	3.68%
Non- Residential	\$0		
TOTAL	\$ 41,755,290	\$ 549,412	100%

OPERATING SUBSIDIES

The developer will be targeting chronically homeless individuals. In order to generate \$3,780,000 in HomeKey operating subsidy, the developer is requesting \$11,096,000 in LAHD operating subsidy, to create a four year operating reserve.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro E Line	Palms Station (Manning and National)
Grocery Store	Within ½ mile radius	Vons Supermarket	9860 National Blvd Los Angeles, CA 90034
Health Facility	Within ½ mile radius	Exer Medical Corp	8985 Venice Blvd., Los Angeles, CA 90034
Library	Within 1 mile radius	Palms-Rancho Park Branch Library	Palms Park, 2920 Overland Ave, Los Angeles, CA 90064
Pharmacy	Within ½ mile radius	CVS Pharmacy	3010 S Sepulveda Blvd, Los Angeles, CA 90034
Park	Within ½ mile radius	Woodbine Park	3409 Vinton Ave, Los Angeles, CA 90034

TIMELINE

Milestone	Estimated Date
Open Escrow	6/23/2023
Apply to HomeKey	7/7/2023
HomeKey Award	9/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	11/30/2023
Construction end	4/30/2024
Placed in service	5/1/2024
Project meets HomeKey occupancy requirements	7/1/2024

GRANT DEED

This page is part of your document - DO NOT DISCARD



20150455140



Pages:
0008

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

04/23/15 AT 08:00AM

FEES:	40.00
TAXES:	67,480.00
OTHER:	0.00
PAID:	67,520.00



LEADSHEET



201504230190005

00010468353



006781705

SEQ:
05

DAR - Title Company (Hard Copy)



THIS FORM IS NOT TO BE DUPLICATED

T97

Recording Requested By:
FIRST AMERICAN TITLE
NATIONAL COMMERCIAL SERVICES



WHEN RECORDED MAIL THIS DEED TO:
Lowndes, Drosdick, Doster, Kantor & Reed, P.A.
215 North Eola Drive
Orlando, Florida 32801
Attention: William S. Vanos, Esq.

WHEN RECORDED MAIL TAX STATEMENT TO:
ROC | Seniors Housing & Medical Properties Fund LP
1000 Legion Place, Suite 1600
Orlando, Florida 32801

Title Order No.:

Escrow No.: 122870-8

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Grant Deed

A.P.N.: 4311-004-037

GRANT DEED

File No.: 1003-122870-8-RTT (JC)

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX \$13,255.00; CITY TRANSFER TAX \$54,225.00;

- [☒] computed on the consideration or full value of property conveyed, OR
[] computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,
[] unincorporated area; [] City of Los Angeles, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, IP CHEVIOT HILLS HEALTH HOLDINGS, LLC, a Delaware limited liability company ("Grantor"), hereby grants to LOS ANGELES CA SENIOR PROPERTY, LLC, a Delaware limited liability company ("Grantee"), that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in Exhibit "A" attached hereto and all buildings and improvements, if any, situated thereon and all appurtenances with respect thereto ("Property").

The Property is conveyed subject to real property taxes not yet due and payable and to those matters listed on Exhibit "B" attached hereto.

[Remainder of page intentionally left blank; signature blocks on following page]

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of April 21, 2015.

GRANTOR:

IP CHEVIOT HILLS HEALTH HOLDINGS, LLC,
a Delaware limited liability company

By: Ry. Haas
Ryan J. Haas, Vice President

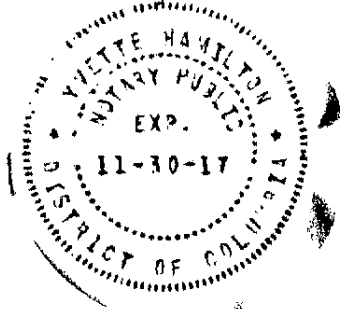
[Notary acknowledgement on following page]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

District of Columbia
STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on April 17, 2015, by Ryan J. Haas, Vice President of IP CHEVIOT HILLS HEALTH HOLDINGS, LLC, on behalf of said limited liability company.

My commission expires: 11-30-17



Yvette Hamilton

Notary Public, State of _____

YVETTE HAMILTON
Notary's Printed Name NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires November 30, 2017

5

EXHIBIT "A" TO DEED

Legal Description

PARCEL 1:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET, EXCEPT THE NORTHWEST 64 FEET THEREOF OF THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, AS PER MAP FILED IN BOOK 1, PAGE 208 PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, RECORDS OF SAID COUNTY, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT NO. 7790; RECORDED IN BOOK 142, PAGE 30 ET SEQ., OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET; THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWEST LINE OF NATIONAL BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 2:

THE SOUTHWEST 82 FEET OF THE NORTHEAST 142 FEET OF THE NORTHWEST 64 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1, PAGE 208 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN BOOK 142, PAGE 30 ET SEQ., OF MAPS, THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET; THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWEST LINE OF NATIONAL BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

PARCEL 3:

6
THAT PORTION OF THE RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1, PAGE 208 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWEST LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, WITH THE EAST LINE OF SHELBY DRIVE, 40 FEET WIDE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 142, PAGE 30 ET SEQ., OF MAPS, THENCE ALONG SAID EAST LINE NORTH 18° 41' 50" EAST 260 FEET; THENCE SOUTH 71° 18' 10" EAST TO THE SAID WEST LINE OF NATIONAL BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWEST LINE TO THE POINT OF BEGINNING.

EXCEPTING THE NORTHEAST 142 FEET THEREOF.

PARCEL 4:

THE NORTHEAST 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1, PAGE 208 PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, RECORDS OF SAID COUNTY, WITH THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN BOOK 142, PAGE 30 ET SEQ., OF MAPS, THENCE ALONG SAID EASTERLY LINE OF SHELBY DRIVE, NORTH 18° 41' 50" EAST 260 FEET; THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE WESTERLY 93.97 FEET THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF LAND DESCRIBED IN THE DEED TO NELLIE L. KELLER AND PAULINE MCCLISTER, RECORDED IN BOOK 16514, PAGE 206 OFFICIAL RECORDS, OF SAID COUNTY, SAID CORNER BEING A PORTION

1

IN THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, AT THE INTERSECTION OF SAID NORTHWESTERLY LINE WITH A LINE WHICH BEARS SOUTH 71° 18' 10" EAST FROM A POINT IN THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE AS SHOWN ON THE MAP OF TRACT 7790, RECORDED IN BOOK 142, PAGES 30 TO 33 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT NORTH 18° 41' 50" EAST ALONG SAID EASTERLY LINE, 260 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE WITH SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD; THENCE NORTH 71° 18' 10" EAST 20.19 FEET TO AN INTERSECTION WITH A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 20 FEET (AT WHICH A RADIAL LINE OF SAID CURVE BEARS NORTH 76° 16' 08" EAST); THENCE SOUTHWESTERLY ALONG SAID CURVE 26.21 FEET MORE OR LESS TO A POINT IN SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD, AT WHICH IS RADIAL LINE OF SAID CURVE BEARS SOUTH 28° 39' 30" EAST; THENCE ALONG SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 33 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 5:

THE WESTERLY 93.97 FEET OF THE NORTHERLY 60 FEET OF THAT PORTION OF RANCHO RINCON DE LOS BUEYES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1, PAGE 208 PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF NATIONAL BOULEVARD, 80 FEET WIDE, AS DESCRIBED IN DEED RECORDED IN BOOK 526, PAGE 122 OF DEEDS, RECORDS OF LOS ANGELES COUNTY, WITH THE EASTERLY LINE OF SHELBY DRIVE, 40 FEET WIDE, AS SHOWN ON MAP OF TRACT 7790, RECORDED IN BOOK 142, PAGE 30 ET SEQ., OF MAPS, RECORDS OF SAID COUNTY; THENCE ALONG SAID EASTERLY LINE OF SHELBY DRIVE, NORTH 18° 41' 50" EAST 260 FEET; THENCE SOUTH 71° 18' 10" EAST TO THE SAID NORTHWESTERLY LINE OF NATIONAL BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

APN: 4311-004-037

EXHIBIT "B" TO DEED**Permitted Exceptions**

1. General and special taxes and assessments for the fiscal year 2015-2016 and each year thereafter.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An offer of dedication for public street, road or highway and incidental purposes as set forth in that certain Irrevocable Offer to Dedicate, recorded July 12, 1968 as Instrument No. 3595 of Official Records, Los Angeles County, California.
4. The terms and provisions contained in the document entitled "Covenant and Agreement to Provide Parking Attendant" recorded September 06, 1968 as Instrument No. 3378 of Official Records, Los Angeles County, California.
5. An easement for water pipe lines and incidental purposes set forth in that certain Right of Way Deed, recorded January 10, 1969 as Instrument No. 2469 of Official Records, Los Angeles County, California.
6. An easement for public street, road or highway and incidental purposes set forth in that certain Easement Deed, recorded January 22, 1970 as Instrument No. 225 of Official Records, Los Angeles County, California.
7. Water rights, claims or title to water, whether or not shown by the public records.
8. Rights of tenants, as tenants only, under the terms of any un-recorded rental or lease agreements.

HOMEKEY 3.0 GUIDELINES

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670
Sacramento, CA 95833
www.hcd.ca.gov



March 29, 2023

MEMORANDUM FOR: All Potential Applicants

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: **Homekey Program
Notice of Funding Availability, Round 3**

A handwritten signature in blue ink, appearing to read "Jennifer Seeger", is placed over the typed name and title.

The California Department of Housing and Community Development (HCD/Department) is pleased to announce the availability of approximately \$736 million of Homekey Program (Homekey) grant funding through this Round 3 Notice of Funding Availability (NOFA). Building on the success of both [Project Roomkey](#) and the first two rounds of Homekey, this significant investment continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or At Risk of Homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

Of the \$736 million in Homekey funding, \$435 million is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$301 million is State General Fund. The \$301 million in State General Fund money is intended to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites to promote Project feasibility. **This NOFA will be supplemented by a separate Homekey NOFA for approximately \$75 million for tribes, targeted for release later in 2023.** Projects receiving an award from the state's direct allocation of the federal ARPA must expend the funds within eight months of the date of award, pursuant to NOFA Section 204. The portion of a Project's award associated with State General Fund must be expended by June 30, 2026, pursuant to NOFA Section 204.

Due to the potential for program oversubscription, Eligible Applicants are encouraged to submit their completed application as soon as possible. The Department will be accepting the applications on a continuous, over-the-counter (OTC) basis from the release of the Homekey application on April 24, 2023 through July 28, 2023, or until the available funds are exhausted, whichever occurs first. Applicants must submit a complete application available on the Homekey [website](#).

To receive information on the upcoming Homekey NOFA webinar and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at <https://www.hcd.ca.gov/contact-us/email-signup>.

If you have any questions, please submit them to Homekey@hcd.ca.gov.

Homekey Program
Notice of Funding Availability, Round 3



Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
California Department of Housing and Community Development

2020 West El Camino Avenue, Sacramento, CA 95833

Telephone: (916) 263-2771

Website: <https://www.hcd.ca.gov/grants-and-funding/homekey>

Homekey Program Email: Homekey@hcd.ca.gov

March 29, 2023

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Article I – Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$736 million in Homekey funding to sustain and rapidly expand the inventory of housing for people experiencing homelessness or At Risk of Homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Before the COVID-19 pandemic, homelessness data showed Black, Indigenous, and People of Color (BIPOC) were overrepresented in the homelessness system. The pandemic made racial disparities more apparent, and communities are dealing with the additional disproportionate impact of illness and death among people experiencing homelessness. Homekey recognizes these impacts and encourages Eligible Applicants to examine disproportionate impacts in their own communities and to develop strategies to address these impacts.

Homekey is an opportunity for state, regional, and Local Public Entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the Target Population.

Of the \$736 million in Homekey grant funds, \$435 million is derived from the state's direct allocation of the federal Coronavirus State Fiscal Recovery Fund (CSFRF), which was established by the American Rescue Plan Act of 2021 (ARPA) (Pub.L. No. 117-2). In addition, \$301 million is derived from the state's General Fund to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites.

Section 101. Authorizing Legislation and Applicable Law

Assembly Bill No.140 (2021-2022 Reg. Sess.) provided the statutory basis for Round 3 of the Homekey Program by adding section 50675.1.3 to the Health and Safety Code (HSC), and it exempted certain Round 3 Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.4 to the HSC. The statutory scheme includes new construction of dwelling units as an eligible use and establishes an allocation of funds for Projects serving Homeless Youth and Youth at Risk of Homelessness.

HSC section 50675.1.3, subdivision (e) states, "The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the Department, and for the administration of this program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code."

This NOFA serves as the Department's guidelines for the expenditure of Homekey funds and the administration of the Homekey Program. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to the Homekey Program. The matters set forth herein are regulatory mandates and are

adopted as regulations that have the dignity of statutes. (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal. 4th 785, 799 [85 Cal.Rptr.2d 844].)

The Multifamily Housing Program (MHP) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the HSC), and as subsequently amended, is hereby incorporated by reference. In accordance with HSC section 50675.1.3, subdivision (d), in the event of a conflict between this NOFA and the MHP, the provisions of this NOFA are controlling.

The MHP Final Guidelines (MHP Guidelines), effective March 30, 2022, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of this NOFA and the MHP Guidelines, the provisions of this NOFA are controlling.

The Uniform Multifamily Regulations (UMR) (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended, are hereby incorporated by reference, except to the extent that any UMR provision would be inconsistent with the provisions of this NOFA.

The Department will only amend this NOFA as necessary and in accordance with the Department's guideline authority pursuant to HSC section 50675.1.3, subdivision (e).

All other criteria and matters set forth within the NOFA shall also govern Tribal Entity applications submitted under this NOFA, unless and except to the extent expressly provided to the contrary by terms set forth within this NOFA and subject to any potential modification or waiver under or pursuant to Assembly Bill No. 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p).

Section 102. Program Timeline

Homekey funds will be available to Eligible Applicants on a continuous, OTC basis, rather than on a competitive basis. The following table summarizes the anticipated Homekey Program timeline.

Table 1: Anticipated Timeline for Homekey Applications

NOFA release	March 29, 2023
Application release	April 24, 2023
Stakeholder webinar	mid-April, 2023
Final application due date	July 28, 2023, or until funds are exhausted, whichever occurs first
Award announcements	Continuous, with individual awards generally announced within 60 to 90 days of the Department's receipt of a complete and accurate application and all required supplemental documentation
Standard Agreements issued	Continuous, after award announcement and the Department's receipt of required information and documentation needed to execute the Standard Agreement
Disbursement of funds	Continuous after Standard Agreement execution, satisfaction of all conditions precedent to disbursement, and completion of a request for funds form.
Grantee Expenditure and Program Report due, annually for five years subsequent to contract execution	Annually by January 31

The Department reserves the right to modify the projected timeline at any time.

Article II – Program Requirements

Section 200. Eligible Applicants

- i. Cities, counties, cities and counties, and all other state, regional, and Local Public Entities, including councils of government, metropolitan planning organizations, and regional transportation planning agencies designated in Section 29532.1 of the Government Code; or
- ii. Tribal Entities.

Tribal Entities are encouraged to apply for Homekey via a forthcoming Homekey Tribal Entity NOFA of approximately \$75 million, to be released under separate cover later in 2023, that will be developed exclusively for and in consultation with tribes.

Each of the foregoing entities may apply independently, or each entity may apply jointly

with a nonprofit or for-profit corporation, a limited liability company (LLC), and/or a limited partnership (LP) as a Co-Applicant.

A special purpose entity may only have an ownership interest in a Homekey Project if it applied for that Project's Homekey funding as a Co-Applicant. Section 8313.2 of the UMRs is applicable to special purpose entities that participate in the Homekey program.

The requirements set forth in this NOFA are subject to AB 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p). Accordingly, and pursuant to HSC section 50406, subdivision (p), **(a)** where the provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity or legal structure would cause a violation or not satisfy the requirements of this NOFA, said requirements may be modified as necessary to ensure program compatibility; and **(b)** where provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity legal structure or agency create minor inconsistencies (as determined by the Director of the Department or a duly authorized designee thereof) with the requirements set forth in this NOFA, the Department may waive said requirements, as deemed necessary, to avoid an unnecessary administrative burden. Matters set forth or otherwise provided for in this NOFA that may be modified or waived include, without limitation, threshold scoring requirements and any other matters set forth in HSC section 50406, subdivision (p)(2). tribal Applicants are accordingly encouraged to discuss any such potential modifications or waivers and their options in that regard at the pre-application consultation.

Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals and families experiencing Homelessness or who are At Risk of Homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funds as match, the Target Population also includes individuals and families who are "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" and "Other Populations" as defined in HUD Community Planning and Development (CPD) Notice 21-10. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses is as follows:

- i. Acquisition or Rehabilitation, or acquisition and Rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Housing or Interim Housing, subject to any limitations set forth in this NOFA, including those provided in Section 301.
- ii. Master leasing of properties for non-congregate housing.
- iii. Conversion of units from nonresidential to residential.
- iv. New construction of dwelling units.

- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- vii. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds provided pursuant to HSC section 50675.1.3.

Section 202. Eligible Projects

The Department welcomes and will consider a variety of innovative housing solutions as eligible Projects. The following list of eligible Projects is not exhaustive.

- i. Conversion of nonresidential structures to residential dwelling units.
- ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.
- iii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iv. Multifamily rental housing Projects.
- v. Excess state-owned properties.
- vi. Scattered site housing on multiple contiguous or non-contiguous sites is permitted as long as the resulting housing has common ownership, financing, and property management.
- vii. Shared housing in a structure shared by two or more households, where each household is in a separate private bedroom that can be locked.
- viii. Existing Homekey Assisted Units, previously awarded under Rounds 1 and 2 of Homekey funding, are ineligible for funding under this NOFA.
- ix. The Homekey program is intended to support the development of housing units and will not fund congregate shelter. Other funding sources should be considered for congregate shelter types of Interim Housing.

Section 203. Geographic Distribution and Allocations

COVID-19 disproportionately impacts people who are experiencing or who are At Risk of Homelessness throughout California. As such, the Department would like to ensure jurisdictions throughout the state have an equitable opportunity to apply for Homekey funds to protect the health and safety of their most vulnerable residents.

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government

(COGs). As detailed in Table 3 below, each region has funding reserved. Each region's share of the Homekey allocation is calculated based on its proportionate share of persons experiencing homelessness as indicated by the sheltered and unsheltered 2021 Homeless Point-in-Time Counts (PIT), plus its proportionate share of Extremely Low Income (ELI) renter households that are paying more than 50 percent of their income for rent.

The Department will deploy unused funds from any undersubscribed region(s) to fund applications in the manner described in the Discretionary Reserve. The Department will also redeploy undersubscribed and unused funds, as specified at Section 400 of this NOFA.

Table 2: Homekey Geographic Distribution

Counties by Region			
Los Angeles County	San Joaquin Valley	Central Coast	Balance of State (Cont.)
Bay Area	Fresno	Monterey	Lassen
Alameda	Kern	San Benito	Mariposa
Contra Costa	Kings	San Luis Obispo	Mendocino
Marin	Madera	Santa Barbara	Modoc
Napa	Merced	Santa Cruz	Mono
San Francisco	San Joaquin	Balance of State	Nevada
San Mateo	Stanislaus	Alpine	Plumas
Santa Clara	Tulare	Amador	Shasta
Solano	San Diego County	Butte	Sierra
Sonoma	Sacramento Area	Calaveras	Siskiyou
Southern California	El Dorado	Colusa	Tehama
Imperial	Placer	Del Norte	Trinity
Orange	Sacramento	Glenn	Tuolumne
Riverside	Sutter	Humboldt	
San Bernardino	Yolo	Inyo	
Ventura	Yuba	Lake	

Table 3: Estimated Homekey Geographic Allocations

Region	Severely Rent-	2022 PIT Count	Round 3 Allocation
Los Angeles	415,350	69,144	\$211,813,531
Bay Area	199,165	38,118	\$111,112,027
Southern CA	203,610	15,672	\$68,783,638
San Joaquin	105,430	12,085	\$43,252,159
Central Coast	37,165	8,113	\$22,657,376
Sacramento	70,340	12,379	\$37,158,338
San Diego	95,570	8,427	\$34,345,268
Balance of State	32,265	7,583	\$20,708,081
Totals	1,158,895	171,521	\$549,830,418

Allocations

The \$736 million in Homekey funds are allocated as follows:

Table 4: Homekey Funding Allocations

Total Homekey Round 3 NOFA	\$735,988,501
Total Geographic Allocation	\$549,830,418
Homeless Youth Allocation - 10% of NOFA	\$75,759,808
Discretionary Reserve - 10% of NOFA	\$73,598,850
Rural Target Allocation - 5% of NOFA	\$36,799,425

Homeless Youth Allocation

Pursuant to HSC section 50675.1.3, subdivision (c), the Department shall allocate not less than eight percent (8%) of the total Homekey funding appropriated for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3. This NOFA allocates ten percent (10%) of the funding available in Round 3 to Homeless Youth Projects as set forth in Table 4.

Unless otherwise indicated, all scoring criteria and other NOFA provisions shall govern the allocation awards provided under this NOFA. Homekey Projects are not required to serve only Homeless Youth, or Youth at Risk of Homelessness. Homekey Projects proposing to serve Homeless Youth, or Youth at Risk of Homelessness, may also serve other qualifying members of the Target Population. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

Projects that meet the threshold requirements of Article III, as well as the following criteria, will be prioritized for Homeless Youth allocation funds:

- Have at least 25 percent (25%) of Assisted Units reserved for Homeless Youth or

Youth at Risk of Homelessness; (See Section 304, 3a for points awarded)

- Have jointly applied and/or partnered with a nonprofit corporation(s), including community-based organization(s), with at least three years of experience serving current or former Foster Youth, Homeless Youth, or Youth at Risk of Homelessness; and (see Section 304, 2a-c for points awarded)
- Provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care. Services may include, but are not limited to, case management, income supports, educational and employment counseling, life skills, legal assistance, health and wellness, and family connection services.

The Department will also award up to two (2) additional points in the application scoring to Projects that meet the following criteria:

- Site is within a one-mile radius of youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (See Section 304, 3e (viii) for potential points)

Rural Target Allocation

The Department will allocate five percent (5%) of the available Homekey Round 3 funding for Projects in Rural Area jurisdictions as set forth in HSC Section 50199.21. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

Discretionary Reserve

The Department will allocate ten percent (10%) of available funds for a Discretionary Reserve to address the following:

- Covering overages from other allocations, where there are funds available, but the funds are insufficient to fully fund the next eligible Project in the region or allocation. The Department may award up to \$30 million in aggregate for this purpose at any point during the open application period.
- Funding single family home-scattered site Projects with a limit of four Projects in this Project type, up to \$10 million each. The Department may make these awards at any point during the open application period. The \$40 million will remain available for this purpose for any application submitted by June 30, 2023.

- Funding high scoring Projects from oversubscribed regions. These awards will not be made until after the application period closes, to the extent funds are available.

Section 204. Program Deadlines

Homekey capital funds must be expended within eight months of the date of award. "Date of award" means the date on the award letter issued from the Department to the awardee. In order to account for the time between the award letter and fund disbursement, and the fact that Grantee payments to contractors are made in arrears, the Department may extend the eight (8) month expenditure deadline by up to seven (7) months, upon the request of the awardee. The request shall be submitted in electronic format on a form provided by the Department.

Awardees will be subject to the following deadlines:

1. Acquisition, Rehabilitation, and/or construction must be completed 12 months from the date of award letter;
2. Capital expenditure must be completed within eight (8) months, or up to 15 months from the date of award if requesting an expenditure deadline extension; and
3. Full occupancy must be achieved by 15 months from date of award letter.

The Department may, in its sole and absolute discretion, approve an extension of the acquisition, Rehabilitation, construction, and/or occupancy deadlines if the Grantee demonstrates, to the Department's satisfaction, that the relevant delay is caused by reasonably unforeseeable events, conditions, or circumstances. Construction labor shortages and supply chain issues do not constitute reasonably unforeseeable events, conditions, or circumstances for purposes of an extension request.

Pursuant to 31 CFR part 35.5, the Department may reimburse eligible costs incurred beginning on March 3, 2021. Applicants are encouraged to discuss their options at the pre-application consultation.

All operating funds must be fully disbursed by the Department by June 30, 2025, and fully expended by the Grantee by no later than June 30, 2026.

Section 205. Maximum Grant Amounts and Capital Funding Match

Homekey will fund a maximum grant amount per door, pursuant to the conditions of this section, which includes both the acquisition cost and any needed Rehabilitation or new construction. **The award will be the lower of the following: (1) the maximum grant amount; or (2) the sum of the acquisition amount and any additional construction or Rehabilitation expenses, as supported by an appraisal and such other reasonable documentation required by the Department.** "Door" refers to units at the time of the acquisition, which may differ from the number of units that are available after a conversion

of the property. For those Projects that undergo a conversion, the number of units may need to be reduced in order to accommodate kitchenettes, additional bedrooms, space for Supportive Services and other amenities. For new construction and conversion of office, commercial, or other non- residential structures into residential dwelling units, Homekey will fund a maximum grant amount per completed Assisted Unit serving the Target Population, or an amount as supported by an appraisal, whichever is lower. “Assisted Unit” refers to units that are available after the construction or conversion of the property.

The Department will contribute a baseline amount per door, as outlined below, in whichever category is higher for the Assisted Unit. This baseline contribution does not require a local match.

Unit Size -- Baseline Capital Amounts:

- i. Studio or one-bedroom units will receive a baseline amount of \$150,000 per door;
- ii. Two-bedroom units will receive a baseline amount of \$175,000 per door; and
- iii. Three-bedroom or larger units will receive a baseline amount of \$200,000 per door.

Note that Homekey will fund “doors” based upon the number of units and unit size at the time of acquisition. In situations where units are combined to make larger units, awards will default to the number of doors and size of units at acquisition. In situations where multi- bedroom (two or more bedrooms) units at acquisition are divided into smaller unit sizes, awards will default to the number of doors and size of units with the lower baseline amount per door.

OR

Sub-Populations Served -- Baseline Capital Amounts:

- i. Assisted Units reserved for those experiencing Chronic Homelessness will receive a baseline amount of \$200,000 per door.
- ii. Assisted Units reserved for Homeless Youth or Youth at Risk of Homelessness will receive a baseline amount of \$175,000 per door.

Additional Contribution Amount – Local Match

Beyond the applicable baseline amount, the Eligible Applicant may leverage a 1:1 local match to provide up to \$100,000 in additional funds per door. For example, where the Applicant shows \$100,000 in matching funds, the Department will fund no more than \$250,000 for a 1-bedroom Assisted Unit, \$275,000 for a 2-bedroom Assisted Unit, \$300,000 for a 3+ bedroom Assisted Unit, \$300,000 for an Assisted Unit serving those experiencing Chronic Homelessness, and \$275,000 per door for an Assisted Unit serving Homeless Youth/Youth at Risk of Homelessness.

Appendix A shows how maximum funding awards from Homekey vary with different per-door costs, unit types, and Applicant contribution levels.

For relocation costs, the Department will pay for one-half of the relocation cost per door in addition to the capital award. For example, if a Project includes \$15,000 in relocation costs, then the Department will pay for \$7,500 of that relocation cost.

For the purchase of affordability covenants and restrictions, and for master-leasing, the Department may size the award per door based on a recent market study within the past year which conforms to guidelines adopted by the Tax Credit Allocation Committee (TCAC), and/or a rent roll, and/or other supporting documentation. For these uses, the maximum Homekey contribution per door shall not exceed the maximum amounts referenced in this section for acquisition, Rehabilitation, and new construction.

Section 206. Operating Awards and Match

- i. Where an operating award is requested, the total amount of operating award per Assisted Unit is limited as follows:
 - a. Assisted Units reserved for those experiencing Chronic Homelessness, for Homeless Youth, or for Youth at Risk of Homelessness shall not exceed \$1,400 per month; and
 - b. All other Assisted Units shall not exceed \$1,000 per month.
- ii. The total duration of the operating award (as described in i. above) is tied to the amount of the Applicant's matching funds, and is limited as follows:
 - a. If Projects can demonstrate a commitment of three years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for two years.
 - b. If Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for three years.
- iii. Operating awards are determined based on need, exclusive of any debt service. The amounts and durations referenced in (i) and (ii) above represent maximums.
- iv. Operating awards may pay for a Project's necessary, recurring Operating Expenses in an amount approved by the Department. Qualifying expenses include utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not debt service or required reserve account deposits. Operating Expenses should be included in the Project's submitted budget.
- v. If requesting an operating award for a Permanent Housing Project, the Eligible Applicant must submit a letter of support from the applicable housing authority confirming the need for an operating award and

evidencing why other subsidies, such as Project-based vouchers (PBVs), are not available. A letter template and a list of potential Homekey complementary funding can be found on the Homekey [webpage](#).

- vi. The Homekey-funded portion of the operating award must be disbursed by the Department by June 30, 2025 and expended by the Grantee by June 30, 2026, with the Grantee establishing a capitalized operating subsidy reserve and disbursing the funds as outlined in this NOFA. No extensions will be granted on the Grantee's expenditure deadline for the operating award.
- vii. Eligible Applicants are required to demonstrate a minimum five-year commitment to provide operating funds for the proposed Project. The first two years of operating funds may include an award from Homekey. Operating match may be obtained from any source, including any federal, state, local, private, or philanthropic source. Applicants are encouraged to consider Project-based vouchers; Veterans Affairs Supportive Housing (HUD-VASH) Vouchers; Faircloth to Rental Assistance Demonstration (RAD) conversions; Homeless Housing Assistance and Prevention Program (HHAP) funding; Permanent Local Housing Allocation (PLHA) funding; and HOME-ARP funding. The preceding list of potential match sources is not exhaustive. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

- viii. The Eligible Applicant must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match Homekey funds; and
- ix. If the State General Funds are used to satisfy the matching requirements of another program, then funding from that program may not be used to fulfill the matching requirements of the Homekey program.

Section 207. Funding Limits

- 1. In addition to the capital funding limits and match requirements described in Section 205, and the Homekey operating award funding limits and match requirements described in Section 206, Round 3 will implement additional funding limits as follows:
 - a. Per Project Funding Limit: No more than \$35 million in total Department sources may be used per Project. This per Project cap applies to Homekey Round 3 capital and operating funds, and to all Department sources of permanent loans for onsite development costs and operating costs. Grants from other Department programs are excluded from this per Project cap.

- i. At the sole discretion of the Director of the Department or the Director's designee, per Project Funding Limit requests in excess of \$35 million may be approved as an exemption to the Project funding limits, if the Projects uniquely advance state policy priorities, are high scoring, are located in high or highest resource areas as identified in the [2023 Opportunity Maps – Adopted January 2023](#), and/or are located in high-cost regions. Applicants asserting the Project is in a high-cost area shall provide data from HUD, the United States Census Bureau, or another authoritative source to validate the assertion. All exemption requests shall not exceed ten percent (10%) above the per Project Funding Limit.

To request an exemption, Applicants must submit justification at the time of application. The justification will be reviewed with the application package in accordance with Section 400. A form to request an exemption is available on the Homekey website.

If this exemption is approved, Applicants must submit documentation of Department approval with any subsequent applications for other Department funding, when requested.

- b. For single family home scattered-site Projects, the per Project funding limit is \$10 million total. The Department will fund up to four (4) Projects in this Project type in the manner described in Section 302.
2. The Department's [Repeal of Stacking Prohibition of Multiple Department Funding Sources memo](#) (Administrative Notice Number: 21-06), dated August 20, 2021, is hereby incorporated by this reference as if set forth in full herein, and it shall be applicable. Applicants must ensure that all Department funding sources in the Project are represented pursuant to the memo. Homekey awards shall not be layered with other Department funding sources in a manner that causes either the per unit or total Project funding to exceed the total development cost.

Section 208. Affordability Covenant

The Grantee shall duly encumber all Interim Housing-Projects with a 30-year Affordability Covenant that (a) is recorded in first position against the Project real property for the benefit of the Department, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey Program Requirements, (c) incorporates the Homekey Program Requirements by reference, and (d) is otherwise in form and substance acceptable to the Department.

The Grantee shall duly encumber all Permanent Housing Projects with a 55-year Affordability Covenant that (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or tribal Grantee, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey Program

Requirements, (c) duly names the Department as a third party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, (d) incorporates the Homekey Program Requirements by reference, and (e) is otherwise in form and substance acceptable to the Department. Permanent Housing Projects located on tribal trust land shall be duly encumbered with Affordability Covenants containing all of the terms listed above excepting that they shall have an initial term of 50 years to match the period of affordability restrictions under the Low- Income Housing Tax Credit (LIHTC) program, commencing with the date of recordation of the Department's Affordability Covenant.

Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, and it shall continue in full force and effect for a period of not less than 55 years for Permanent Housing Projects (or 30 years for Interim Housing Projects) after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.

Article III – Threshold and Scoring Criteria

Section 300. Threshold Requirements

To be eligible to receive funding, all applications must meet the following requirements:

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each of the foregoing Eligible Applicants may apply jointly with a Co-Applicant, as specified. No additions of Co-Applicants or special purpose entities will be considered subsequent to the date of application.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. Applications must include a Project-specific Supportive Services plan, that shall be consistent with any representations made in the application, and it shall meet the program requirements. The Department in its sole discretion shall make the determination (1) if the Supportive Services plan is sufficiently complete to pass threshold and (2) if the Supportive Services plan and property management plan is compliant with Housing First and other evidence-based practices. Applications must include:
 - a. A description of the services to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services, and the location, whether on or off-site, and general hours of availability of the services. Applicants must ensure that the Supportive Services are made available to Homekey tenants and participants in a manner that is voluntary, flexible and individualized, so Homekey tenants and participants may continue to engage with Supportive Services providers, even as the

intensity of services needed may change. Furthermore, access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. Adaptability in the level of services should support tenant and participant engagement and housing retention.

i. The following Supportive Services shall be made available to Homekey tenants and participants based on tenant/participant need. The lead service provider for the Project shall coordinate the provision of or referral to services needed by individual tenants and participants. The following required services can be provided onsite at the Project or offsite at another location easily accessible to tenants and participants:

1. Case management performed by a Case Manager, as defined in Article VIII. Definition below;
2. Peer support activities, including 24/7 telephone, online, or in-person support;
3. Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
4. Substance use services, such as treatment, relapse prevention, and peer support groups;
5. Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services;
6. Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
7. Basic housing retention skills (such as unit maintenance and upkeep, cooking, laundry, and money management).

ii. The following Supportive Services are not required to be made available but are encouraged to be part of the Applicant's Supportive Services plan.

1. Supportive Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above;
2. Recreational and social activities, including peer-led groups and events;
3. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable

accommodations in the education process;

4. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
 5. Obtaining access to other needed services, such as civil legal services, or access to food and clothing.
- b. Description of the Target Population to be served, and identification of any additional subpopulation target or occupancy preference for the Homekey Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements;
 - c. A tenant and participant engagement plan (i.e., plan to encourage voluntary tenant and participant participation in services as well as in community building, such as resident councils or similar forums) including a description of tenant/participant outreach, engagement and retention strategies to be used;
 - d. For services provided off-site, the plan must describe what public or private transportation options will be available to tenants and participants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile;
 - e. Description of how the Supportive Services will be culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to Homekey tenants and participants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants and participants will be facilitated;
 - f. A staffing plan with staffing levels sufficient to meet the needs of the Target Population. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Chronically Homeless, services must be provided with a household to staffing ratio not exceeding 20 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless Youth, or Youth at Risk of Homelessness, services must be provided with a household to staffing ratio not exceeding 15 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless persons with disabilities, services must be provided with a household to staffing ratio not exceeding 25 to 1. Where one or more of the Restricted Units are limited under Department Regulatory

Agreements to occupancy by other special needs populations, services must be provided with a household to staffing ratio not exceeding 40 to 1.

- g. Estimated itemized budget, and sources of funding for services;
- h. Identification of outcome measures to be tracked, description of the data to be collected for each measure, and explanation of the methods for data collection and entry. Sample forms may be requested by the Department; and
- i. Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the Program.
- j. If a service provider has been selected, Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include the Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. (See Section 304, 2.c. for potential points)
- k. Property management and tenant and participant selection policies submitted with the Homekey application will be evaluated for the following consistent with state Housing First requirements. These documents must identify, describe, and utilize Housing First and low-barrier tenant/participant selection processes that prioritizes those with the highest needs for available housing. The descriptions of the use of Housing First and tenant/participant selection in this Supportive Services plan must be consistent with the property management and tenant/participant selection policies. Applicants should review the recently passed Assembly Bill No. 1991 (Chapter 645, Statutes of 2022) to inform the Project's property management and tenant/participant selection policies. The property management and tenant/participant selection policies should address the following and be consistent with state Housing First requirements, as well as other Homekey Program Requirements:
 - ii. Applicant eligibility and screening standards
 - iii. Confidentiality
 - iv. Substance abuse policy
 - v. Communication between property manager and Supportive Services staff
 - vi. Eviction policies and eviction prevention procedures

- vii. Process for assisting tenants and participants to apply for different forms of cash and non-cash benefits to aid the household in retaining their housing, if needed
 - viii. How potential tenants and participants and in place tenants and participants will be assisted in making reasonable accommodation requests, in coordination with the services provider and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing
 - ix. Policies and practices to facilitate voluntary moving on strategies
 - x. Appeal and Grievance Procedures
- iv. Applicants shall provide a written non-discrimination policy that complies with the requirements in Section 505.
 - v. Applications must include an overview of the plan and timeline for any required entitlements, permits, and environmental clearances. Eligible Applicants will have an opportunity to discuss their land use and environmental clearance plans, and related statutory authorities during the pre-application consultation.
 - vi. Applications must answer the following question: what specific actions will the Applicant take to ensure equitable access to housing and services for groups that are overrepresented among residents experiencing homelessness in its jurisdiction, including racial, ethnic and LGBTQ+ groups? The response shall reference the latest Continuum of Care (CoC) HMIS demographics data to explain.
 - vii. Applications must provide a concise and reasonably detailed answer to the following question: how did the Applicant engage or will engage with the Target Population to inform the design of the Project operations and Supportive Services?
 - viii. The Grantee shall have site control of the property at the time of application, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
 - a. Fee title, evidenced by a current title report (within 90 days of application) showing the Applicant holds fee title, or for tribal trust land, a title status report (TSR) or an attorney's opinion regarding chain of title and current title status;
 - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided

that the terms and conditions of any proposed lease shall permit compliance with all program requirements;

- c. A leasehold estate held by a Tribal Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
 - d. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
 - e. A sales contract, or other enforceable agreement for the acquisition of the property;
 - f. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
 - g. Other forms of site control that give the Department assurance (equivalent to items a. through f. above) that the Applicant will be able to complete the Project in a timely manner and in accordance with all the Program's objectives and requirements.
 - h. For Applicants proposing sites that will require a use change for permanent housing, there should be a commitment and plan to facilitate or expedite those processes, so as to not delay expenditure and occupancy requirements.
- ix. A preliminary title report for each site, dated within 15 days of the application submittal.
 - x. The Eligible Applicant or Co-Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy.
 - xi. A detailed development plan that supports acquisition of a site, completion of Rehabilitation or construction, occupancy, and fund expenditure before all program deadlines, factoring in entitlements, permits, procurement, potential construction delays and supply chain issues, and demonstrates evidence of strong organizational and financial capacity to develop the Project.
 - xii. Assisted Units and other units of the Project must meet all applicable state

and local building standards pertaining to rental housing and manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the Project in a safe and sanitary condition.

- xiii. Applicants and Co-Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, an Applicant and Co-Applicant must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting the material requirements of previous Department awards may, in the Department's reasonable discretion, fail threshold review.
- xiv. The Department will require Eligible Applicants to submit a complete application with all required documents. The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents. The following items must be submitted with the application:
 - a. Completed application workbook with all worksheets and supplemental information completed;
 - b. Required documents from each Eligible Applicant and Co-Applicant as applicable, including but not limited to:
 - i. Executed resolutions attested to by a person other than the person identified as the authorized signatory. If there is more than one authorized signatory identified, state whether one or all signatories are required to submit and execute program documents. If the application is being signed by a designee of the authorized signatory, the Applicant must also submit a designee letter or other proof of signing authority;
 - ii. Payee Data Record or Taxpayer Identification Number (TIN) form;
 - iii. Evidence of tax-exempt status from the Internal Revenue Service (IRS) or Franchise Tax Board, if applicable;
 - iv. Signature block uploaded in Microsoft Word format;
 - v. Organizational chart that depicts the organizational structure of the entities in relation to the Applicants; and
 - vi. Organizational documents supporting the resolutions submitted with the application. The Department reserves the right to request additional documentation at any point to verify an entity's authority and/or organizational structure.

- xv. Appraisal for all conversion, acquisition, and new construction uses as defined in Section 201. The appraisal must be in compliance with the Homekey requirements outlined in the Homekey Appraisal Guidance document on the Homekey website: [Homekey 3.0 Appraisal Guidance](#).
- xvi. All Projects seeking funding for Rehabilitation must submit the following:
 - a. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
 - b. Physical Needs Assessment (PNA) prepared by a qualified independent third-party contractor;
- xvii. For Projects seeking funding for master leasing and purchase of affordability covenants, a market study prepared within the last year which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation noted in Section 205;
- xviii. All Projects seeking funding for Rehabilitation and new construction are required to submit a Phase I Environmental Site Assessment (ESA) which was prepared no earlier than 12 months prior to the application due date;
- xix. Relocation Assistance Narrative. Applicant shall submit a concise, sufficiently detailed narrative to demonstrate its consideration of, and early engagement with, applicable relocation assistance laws and requirements. This Relocation Assistance Narrative will be evaluated by the Department to determine whether a relocation plan is required by law or whether a certificate of no-relocation can be issued. The Relocation Assistance Narrative does not take the place of these two documents. Grantee shall submit either a relocation plan or a certificate of no-relocation as a condition of disbursement. See Section 504 for more information.

Applicant's Relocation Assistance Narrative shall include or identify the following:

- a. A diagrammatic sketch of the Project site.
- b. Clear, high-resolution photographs of the Project site and all improvements thereon (e.g., buildings, parking lots, billboards).
- c. The projected dates of any Homekey-funded acquisition, construction, Rehabilitation, demolition, or similar development activities at the Project site.
- d. A description of any persons, businesses, or farm operations that will or may be displaced from the Project site by the foregoing development activities. Applicant shall specify whether any such displacement will be permanent or temporary.

- i. If no such displacement will occur, Applicant shall conclude the narrative by expressly confirming that Applicant's eligible use(s) of the funds will not result in the displacement of any persons, businesses, or farm operations from the Project site.
 - ii. If such displacement will occur, Applicant shall further develop the narrative by including the additional elements set forth at (e) – (i) below.
- e. A description and evidence of attempts made to maintain the tenure of existing residents that may qualify under the criteria for the Target Population.
- f. A description of the aggregate relocation needs of the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- g. A brief description of how those relocation needs will be met, as well as the Applicant's projected timeline for fully meeting those needs, including the dates of planned notices to displaced persons, businesses, or farm operations.
- h. An identification of the Applicant's relocation consultant and/or relocation services provider in connection with the Project site. Applicant shall also submit legible copies of its services contract or letter of intent with or to the relocation consultant and/or relocation services provider.
- i. Applicant's cost estimate (and associated funding strategy) for providing relocation assistance and benefits to the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- xx. Enforceable Funding Commitments to cover operations and service costs with specific funding sources, including federal, state, local, private, or philanthropic sources, for the proposed Project for the first five (5) years, and a funding plan covering operations and services costs for ten (10) years thereafter, for a total operating budget of fifteen (15) years from the recordation of the Affordability Covenant. (See Section 304 1 (b) for potential points)
- xxi. The Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience and capacity requirements:
 - a. Development, ownership, or operation of a Project similar in scope and size to the proposed Project; or development, ownership, or operation of at least two affordable rental housing Projects in the last 10 years, with at least one of those Projects containing at least one unit housing

a tenant or participant who qualifies as a member of the Target Population.

- b. The property manager and Supportive Services provider shall have three or more years of experience serving persons of the Target Population. If a property manager or Supportive Services provider is not yet selected for the proposed Project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding.
- c. Experience administering a Project in accordance with the core components of Housing First (Welfare & Institutions Code § 8255).
- d. Current capacity to develop, own, and operate the proposed Project. For purposes of satisfying this requirement, an Applicant has “capacity” if it has adequate staff, capital, assets, and other resources to efficiently meet the operational needs of the Project; to maintain the fiscal integrity of the Project; and to satisfy all legal requirements and obligations in connection with the Project. Evidence of capacity must be reasonably acceptable to the Department in form and substance.

xxii. One-for-one replacement of assisted housing

- a. If the acquired housing or site is to be redeveloped/repositioned as part of the Local Public Entity's overall goal to address the needs of the Target Population and the community, the Applicant shall provide as part of the application a commitment to ensure one-for-one replacement of units.
- b. If acquired units will be subsequently combined to add kitchens, create larger units, and/or create units with additional bedrooms, the Applicant will provide such information in the application and ensure an approximate equivalence of square footage available for the benefit of Project residents and participants.
- c. If the target site is going to be demolished before any occupancy by the Target Population, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the Project proposal.
- d. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this replacement

housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.

Section 301. Interim Housing Requirements

1. The Department will only consider an Interim Housing Project application if the Applicant demonstrates a need for Interim Housing in its Homekey application. The Department in its sole discretion may fail on threshold any Interim Housing Project application that does not sufficiently demonstrate a need, as described in this Section 301.

In addition to Section 300, Interim Housing Projects will also be evaluated on a demonstration of need for Interim Housing based on the following requirements:

- i. The Eligible Applicant shall provide the following data:
 - a. The number of available shelter beds in Applicant's jurisdiction.
 - b. The number of people experiencing unsheltered homelessness in the homeless PIT.
 - c. Shelter vacancy rate in the summer and winter months.
 - d. Percentage of exits from emergency shelters to Permanent Housing.
 - e. A plan to connect participants to Permanent Housing, describing the number and type of Permanent Housing opportunities, how the Project will leverage Supportive Services staff to navigate to Permanent Housing, and the funding plan to make connections to Permanent Housing.
- ii. If the Eligible Applicant is entitled to apply directly to the HHAP program, then the Eligible Applicant shall provide a description of how the proposed Homekey Interim Housing Project aligns with the Local Homelessness Action Plan it submitted pursuant to HHAP Round 4, including the extent to which HHAP funding does not fully meet the need for Interim Housing.
- iii. If the Eligible Applicant did not receive a direct funding allocation under HHAP, the Eligible Applicant shall describe how it has worked with HHAP recipients in the region and the Continuum of Care (CoC) to coordinate and align the proposed Homekey Project with the Local Homelessness Action Plan goals and strategies.
- iv. If the Eligible Applicant is entitled to apply directly to the HHAP program, the Homekey application must also include the Eligible Applicant's approved Local Homelessness Action Plan pursuant to HHAP Round 4, which clearly states the need for Interim Housing.

2. Interim Housing Projects awarded Homekey funding pursuant to this NOFA may apply to convert to Permanent Housing in accordance with this section. Approval to convert an Interim Housing Project to a Permanent Housing Project shall be within the Department's sole and reasonable discretion. Grantees shall meet the following requirements in order to convert Interim Housing Projects to Permanent Housing Projects:
- i. The Project shall operate as an Interim Housing Project for a minimum of five (5) full years following the recordation of the Affordability Covenant referenced in Section 208 of this NOFA and prior to relocating participants to begin conversion to Permanent Housing.
 - ii. Any new special purpose entity with a proposed ownership interest in the converted Homekey Project must be already formed and approved by the Department.
 - iii. Submission of a Department-approved conversion plan, which must include the following:
 - a. Brief overview of conversion strategy, including the details of the Rehabilitation or construction (e.g., whether the conversion will involve an occupied Rehabilitation or a phased conversion),
 - b. Timeline for conversion, including estimated start and completion dates,
 - c. An identification of the supplemental sources of funding being used to complete the Rehabilitation or construction,
 - d. An identification of the Target Population to be served. If the Project was awarded additional points to serve specific subsets of the Target Population (such as Chronically Homeless, Homeless, Homeless Youth, or Youth at Risk of Homelessness), then the specific Target Population and count must be maintained unless otherwise approved by the Department.
 - e. Planned number of units and amenities after conversion.
 - 1. The number of post-conversion units must be greater than or equal to the number of pre-conversion units, or the post-conversion living space square footage must be greater than or equal to the pre-conversion living space square footage.
 - 2. Post-conversion amenities must be greater than or equal to pre-conversion amenities (both in quality and in number).

- f. An acknowledgement of all applicable federal, state, and local relocation law.

Section 302. Single-Family Scattered Site Housing Requirements

As described in Section 203 and Section 207(1)(b), the Department may conditionally award up to four (4) single-family home scattered site housing Projects up to \$10 million each to a single Applicant. Applicants for this Project type must meet all requirements identified in Section 300, and submit all documents required in the Application Upload Checklist with the following exceptions:

- i. Eligible Projects under this Project type must meet the following threshold requirement, sixty (60) days from the date of the conditional award. Failure to meet this requirement will rescind the conditional award.
 - a. Evidence of site control, as defined in Section 300.
- ii. Eligible Projects under this Project type must meet the following threshold requirements, ninety (90) days from the date of the conditional award. Failure to meet these requirements will rescind the conditional award.
 - a. Relocation narrative, as defined in Section 300;
 - b. Appraisal, as noted in the Application Upload Checklist;
 - c. PNA or equivalent evidence of Rehabilitation costs, as noted in the Application Upload Checklist; and
 - d. Phase 1 ESA or equivalent, as noted in the Application Upload Checklist.

Section 303. Other Requirements

- i. Homekey may fund all units in a Project or a portion of the units. If seeking Homekey funding for a portion of the units in a given Project, Applicants must identify committed sources for the non-Homekey units. The non-Homekey units are not required to serve the Homekey Target Population and may therefore be restricted at higher AMI levels, which may help promote Project feasibility.
 - a. If, at the time of acquisition, an existing tenant's household income is at or below 50 percent AMI, but the tenant does not qualify as a member of the Target Population, the tenant may remain in place and the unit may still be funded by Homekey. When, in the course of normal tenant turnover, the ineligible household moves from the unit, the unit shall thereafter be occupied by the Target Population. There should be no more than 49 percent of the Assisted Units that do not meet the Target Population at the time of acquisition. An existing

household who meets the Target Population definition or was a member of the Target Population at the time they moved into the property will not be counted towards the 49 percent cap. Evidence confirming that existing tenants qualify as either at or below 50 percent AMI or Target Population will be required of the Applicant.

- ii. At year 15 from the recordation of the Affordability Covenant, in circumstances where the Grantee has exhausted available operating funding and demonstrated to the Department that the Project is no longer feasible, the Department may approve an increase in income levels, to the minimum extent required for fiscal integrity, in five percent increments of Assisted Units up to 50 percent AMI.
- iii. The Department reserves the right to set restrictions on the unit mix, rent levels, and other factors deemed necessary. To the maximum extent possible, these changes shall minimize the impact on the lowest income Project residents and shall be phased in as gradually as possible. If, following any increase in rents and income limits, or modification of Target Population occupancy requirements, new resources become available, or market demand changes, allowing reversion to the former income and rent limits or Target Population occupancy requirements, the Department may re-impose these income limits and rent limits or Target Population occupancy requirements, in whole or in part, subject to an analysis of Project feasibility.
- iv. In addition to Section 300 above, Applicants purchasing affordability covenants and restrictions will also be evaluated on the following requirements:
 - a. The Grantees that purchase affordability covenants and restrictions for existing residential units shall restrict those units to individuals and families who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for 55 years.
- v. In addition to Section 300 above, master leasing Projects will also be evaluated on the following requirements:
 - a. The Grantee shall provide a 15-year plan from the recordation of the Affordability Covenant to cover operations and service costs for the Project with specific funding sources (government/philanthropic/private).
- vi. The Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

Section 304. Application Scoring Criteria

In addition to meeting the other minimum program requirements outlined in Article III,

Applicants must score a **minimum of 100 points to be eligible for funding**. Scores will be based on the following:

Table 5: Homekey Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
1. Ability to secure site and demonstration of sustained operating leverage (Up to 70 Points)	a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, an exclusive negotiating agreement, ground lease, etc.). NOTE: Sections 300-303 of this NOFA further outline site control requirements related to specific Project type. (up to 20 points) - Fee title/leasehold (20 points) - Option agreement/sales contract (20 points) - Exclusive negotiating agreement (15 points) - Letter of intent (15 points) b. Documented commitment of non-Homekey rental or operating subsidies that will be used to maintain the ongoing affordability of the Project. (up to 40 Points) i. Applicant contribution of non-Homekey Enforceable Funding Commitments for operating subsidies, including, but not limited to, Project-based vouchers, VASH vouchers, Faircloth to RAD conversions, tenant-based vouchers, or locally funded rental assistance. - One point five (1.5) points for each 5 percent increment of non-Homekey operating subsidies covering Operating Expenses in the first 5 years of Project operations. (up to 30 points) ii. The length and strength of non-Homekey operating funding leveraged to cover operating costs committed beyond the required five years of initial Project operations. Score is based on weighted commitment type, percentage of costs covered, and length of commitment. - One (1) point for each year beyond the first five (5) years through year fifteen (15) of Project operations. (up to 10 points)

Categories and Maximum Point Scores	Evaluation Criteria								
	<table> <tr> <th colspan="2">Weighted Point Value by Type</th></tr> <tr> <td>Sustained source</td><td>1</td></tr> <tr> <td>Subsidy carried by the tenant or participant</td><td>0.5</td></tr> <tr> <td>Intent to pursue funding</td><td>0.25</td></tr> </table> c. For any Project where the average total cost per Assisted Unit is below the minimum baseline per door, one (1) point will be assigned for every \$10,000 under the baseline amount. (up to 10 points) This section is intentionally blank.	Weighted Point Value by Type		Sustained source	1	Subsidy carried by the tenant or participant	0.5	Intent to pursue funding	0.25
Weighted Point Value by Type									
Sustained source	1								
Subsidy carried by the tenant or participant	0.5								
Intent to pursue funding	0.25								

Categories and Maximum Point Scores	Evaluation Criteria
2. Experience and Coordination (Up to 40 points)	a. Demonstration of Applicant or member(s) of development team's experience in development, ownership, or operation of a Project(s) similar in scope and size to the proposed Project. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements. - Five (5) points awarded for each additional Project beyond the base threshold requirement (development, ownership, or operation of affordable rental housing or interim Projects in the last ten (10) years serving at least one member of the Target Population). (up to 15 points) b. Demonstration of service provider's experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing Project. Service provider may be Applicant, or a member of the development team described in Applicant's response to point category 2.c., below. Service provider experience must be with the specific population(s) housed within the Homekey units to count toward points in this section (e.g., families, singles, Homeless Youth, Chronically Homeless) and must describe how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements. - 1 point awarded for each year of service experience, after 3 years. (up to 10 points) c. Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. Applicants are encouraged to complete due diligence checklists to ensure all members of the team are aware of roles and responsibilities. (up to 15 Points)

Categories and Maximum Point Scores	Evaluation Criteria
3. Community impact and site selection (Up to 76 points)	a. The Project serves specific sub-populations (20 points) - 25% or more of Assisted Units are reserved for those experiencing Chronic Homelessness (20 points); OR - 50% or more of Assisted Units are reserved for those experiencing Homelessness (20 points); OR - 25% or more of Assisted Units are reserved for Homeless Youth or Youth at Risk of Homelessness (20 points); b. Assisted Units include units for large family housing types (10 points) - At least twenty-five percent (25%) of the Assisted Units in the Project shall be three-bedroom or larger units, AND - At least an additional twenty-five percent (25%) of the Assisted Units in the Project shall be two-bedroom or larger units, consistent with TCAC Regulations (4 CCR § 10325(g)(1)(A-I)), (10 points) c. If proposed Project is Permanent, Applicant waives any potential accommodation by the Department to increase income limits at year 15 from the recordation of the Affordability Covenant, as described in Section 303 (ii). (up to 20 points) - At least 25% of Assisted Units restricted (3 points) - At least 50% of Assisted Units restricted (5 points) - At least 75% of Assisted Units restricted (10 points) - 100% of Assisted Units restricted (20 points) d. The extent to which the Project commits to being accessible to persons with disabilities. (up to 10 points) - Exceeds the state and federal accessibility requirements set forth in Section 505, specifically providing a minimum of 15 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions; (5 points) - A minimum of 10 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 CFR Part 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (5 points) e. Site Selection (Up to 12 points; Up to 16 points for Rural Projects; Up to 15 Points for Youth Projects)

Categories and Maximum Point Scores	Evaluation Criteria
	i. The Project site is located within 1/2 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop OR the Project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants and participants or a regular schedule is provided. (4 points) The Project site is in proximity to essential services: ii. Grocery store – a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold. (up to 2 points) - within 1/2-mile radius of Project (2 points) - within 1 mile radius of Project (1 point) - within 1 mile radius for Projects in Rural Areas (2 points) - within 2 miles radius for Projects in Rural Areas (1 point) NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet. iii. Health facility – a medical clinic with a physician, physician’s assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office). (up to 1 point) - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point) A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients; iv. Library – a book-lending public library. (up to 1 point) - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point)

Categories and Maximum Point Scores	Evaluation Criteria
	v. Pharmacy – may be included in a grocery store or health facility. (up to 2 points) - within 1/2-mile radius of Project (2 points) - within 1 mile radius of Project (1 point) - within 1 mile radius for Projects in Rural Areas (2 points) - within 2 miles radius for Projects in Rural Areas (1 point) vi. A public park or a community center accessible to the general public. (up to 1 point) - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point) vii. High speed internet service, with a minimum average download speed of 25 megabits/second must be made available to each Unit for a minimum of 15 years, free of charge to the tenants and participants, and available within six months of the Project's placed-in-service date. Documentation of internet availability must be included in the application. (up to 2 points) - 2 point - 3 points for rural Projects viii. For Projects with units serving Homeless Youth: community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and/or community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (up to 2 points) - at least two amenities located within 1 mile radius of Project (2 points)
4. Relocation Impacts (Up to -20 points)	a. For any Project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below: - The Project permanently displaces existing residents in 5% of total units. (- 5 points)

Categories and Maximum Point Scores	Evaluation Criteria
	- Applicants lose one point (up to an additional 15 points) for each additional percentage point of households displaced out of total units.
5. Negative Points	a. Negative Points assessed by the Department to the Applicant

In the event of program oversubscription, where Applicants have the same score and the same date and time stamp, the Department may consider additional criteria as a tiebreaker, including, but not limited to, cost-effectiveness, community impact, affirmatively furthering fair housing, innovative housing types, tenant and participant stability and proximity to transit, and services and amenities.

Negative Points Policy

The Department's [Negative Points Policy](#) (Administrative Notice Number 2022-01), dated March 30, 2022 or as amended and in effect prior to the established application due date as published on the Department's [website](#) and as updated herein, is hereby incorporated by this reference to the Homekey Round 3 NOFA as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein. The Department shall implement the Negative Points Policy with reasonable and necessary discretion to advance Homekey policy and funding goals.

As a reminder, if an Applicant receives points in any of the scoring categories and subsequently fails to meet the deliverable, the Applicant may be subject to future negative points.

If the Applicant is subject to a negative points assessment based on the criteria outlined in the Department's [Negative Points Policy](#), the Department shall notify the Applicant in writing in an initial point score letter, and will provide an opportunity to appeal that negative points assessment pursuant to the appeals process as set forth in this NOFA.

Article IV. Application Submission, Review, and Award Process

Section 400. Application Process and Submission

For OTC funding, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until July 28, 2023, or until the available funds are exhausted, whichever occurs first. Funds are awarded to those Applicants that meet the minimum threshold criteria, including the minimum point score.

Homekey Round 3 application materials must be submitted electronically to the Department's [website](#).

Electronic Submission - Requirements for uploading the Homekey Round 3 application and required supporting documentation, including naming conventions, are described in

the Homekey Round 3 application instructions/checklist tab. Applicants must upload all complete application materials to the Department's website no later than 5:00 p.m. Pacific Daylight Time on Friday July 28, 2023, to the extent that funds remain available at that time.

Application packages that are incomplete or that do not meet the filing requirements will not be considered for funding but may be amended and resubmitted. Applications must be on the Department's forms and forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document.

- i. Applications will be prioritized as described in Section 203.
- ii. The Department will evaluate applications for compliance with the minimum program requirements set forth in this NOFA.
- iii. After each Applicant has been certified to meet the minimum program requirements, each Project must receive a minimum overall score of 100 points, as outlined in Section 304, to be considered for a funding award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in the Department's reasonable determination, materially comports with the Program's requirements and is legally sufficient. In addition, each Co-Applicant shall submit a complete set of its organizational documents (including any amendments thereto). The Department will not execute the Standard Agreement until it receives the foregoing documentation, as specified.
- v. Applicant shall provide documentation of its ability to obtain the insurance coverages outlined in Article VIII of this NOFA.
- vi. The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.
- vii. The Department reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application;
 - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and

- c. Upon the final application due date or the date when funds are exhausted, whichever is earlier, deploy unused funds from an undersubscribed allocation to fund other Eligible Applicants for other subsets of the Target Population.
- viii. The Department will review, and score based on information provided in the application. If there is a significant departure from the application after a Project has been awarded, the Department may re-evaluate the Project's score, reduce the grant amount, or assign negative points to the Applicant.

Section 401. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application Project survey prior to applying. The survey will allow the prospective Applicant to provide basic information about the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition; the CEQA, land use and land entitlements; CoC coordination and services partnerships; and long-term financing approaches. Based on the information provided in the pre-application survey, the Department may require a pre-application consultation to further discuss the details of the Project. Applicants will also be able to request a pre-application consultation using the pre-application survey if they would like to meet with Homekey program staff to consult prior to applying. Information on when pre-application consultations will be available will be posted on the Homekey [website](#).

Section 402. Award Process

The Department will send an award letter to the successful Applicant. Funds will be disbursed after the Standard Agreement has been fully executed and approved by the Department unless the Standard Agreement specifies conditions precedent to disbursement.

Please see Section 102 for further details on Standard Agreement and fund disbursement timelines.

The Department may issue Homekey acquisition funds directly to an escrow company that has been approved by the Department if the full award is toward acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 403. Appeals

1. Basis of Appeals.
 - i. Applicants may appeal the Department's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.
 - ii. No Applicant shall have the right to appeal a decision of the Department

relating to another Applicant's application (e.g., eligibility, award).

- iii. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be made by the Director or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of the Department.
- iv. The appeal process provided herein applies solely to decisions of the Department made pursuant to this NOFA.

2. Appeal Process and Deadlines.

- i. Process: To file an appeal, Applicants must submit to the Department, by the deadline set forth below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at homekeyappeals@hcd.ca.gov according to the deadline set forth in the Department's review letter.
- ii. Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date of the Department's threshold review, or initial score letter, as applicable, representing the Department's decision in response to the application.

3. Decision.

Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

Article V – Other Program Requirements

Section 500. Article XXXIV

Per HSC Section 37001, subdivision (h)(5), article XXXIV, section 1 of the California Constitution (Article XXXIV) is not applicable to development that consists of the acquisition, Rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CSFRF established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). As such, Article XXXIV is not applicable to Homekey-funded development.

Section 501. Housing First

The Eligible Applicant shall certify to employ the core components of Housing First, as set forth at Welfare and Institutions Code section 8255, subdivision (b), in its property management and tenant and participant selection practices. Projects shall accept tenants and participants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices, including local Coordinated Entry System prioritization protocols, or other federal or state Project funding sources.

Section 502. Tenant and Participant Selection

Referrals to Homekey Assisted Units shall be made through the local Coordinated Entry System (CES) or another comparable prioritization system based on greatest need. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in this NOFA. CoC collaboration in Project and Supportive Services design is also strongly encouraged to help target and serve greatest need populations. If referrals will be made using a prioritization system other than CES, the Applicant must describe the plan for tenant and participant selection, and it shall be reasonably detailed and comprehensive, as determined by the Department in its sole and absolute discretion. For Grantees utilizing HOME-ARP funds as match, this includes descriptions of any systems that are consistent with HOME-ARP referral methods as described in HUD Community Planning and Development (CPD) Notice 21-10.

Section 503. Participation in Statewide HDIS/HMIS

Pursuant to Assembly Bill 977 (Statutes of 2021-22), Grantees who have been awarded Department funding under the Homekey program must enter Universal and Common Data Elements as defined by HUD on the individuals and families served into the Homeless Management Information System (HMIS), for Projects that will have completed permanent conversion of Department funds effective January 1, 2023, and later.

Section 504. Relocation

In addition to the Relocation Assistance Narrative required in Section 300 xix. submitted at the time of application, before the Homekey award will be disbursed, Grantee must submit either:

- a. A Department-approved relocation plan; or
- b. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement (certificate of no-relocation), which has been duly executed and approved by the Department.

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities

do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law.

The Department will identify its form, substance, and submittal requirements for these relocation documents in the Homekey application materials. Where the Grantee's activities will or may result in displacement, the Grantee's development budget shall include enough funds to pay all costs of relocation benefits and assistance. Any modifications to the foregoing process requirements must be approved in advance by the Department in writing.

Section 505. Accessibility and Non-Discrimination

All developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

Section 506. Prevailing Wages

Applicant's contemplated use of Homekey funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicant is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey funds, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by

the general contractor(s) and the Grantee.

Section 507. Environmental Clearances

The Department encourages Eligible Applicants to fully engage with the Department's technical assistance and to consider the CEQA exemption set forth at HSC section 50675.1.4 and the provision for land use consistency and conformity set forth at HSC section 50675.1.3, subdivision (i).

Applicants should consult with their counsel for legal advice in construing application of the foregoing exemptions to their Project. It is entirely within an Applicant's discretion to determine whether to use the statutory CEQA exemption, whether the exemption applies to the Applicant's proposed activity, or whether some other mechanism applies and could be used to satisfy obligations under CEQA.

Applicants must provide National Environmental Clearance Act (NEPA) clearance, as applicable. According to the National Environmental Policy Act (NEPA), Grantees must consider environmental impacts early in the planning process before decisions are made, and actions are taken. The Project must assess environmental impacts if a Project has applied for HUD assistance (HOME, CDBG, PBVs, Choice Neighborhoods Grant, ShelterCare Plus, etc.). HUD's regulations prohibit grant recipients and their partners/contractors from committing or spending HUD or non-HUD funds on an activity that could limit the choice of reasonable alternatives before completing the environmental review process. The prohibition of choice-limiting actions does not apply to commitments of non-federal funds before the Project has applied for HUD funding. When an application is submitted for a federal grant/loan, all activity must stop until the environmental review process is complete.

There is no flexibility or waiver of NEPA environmental review requirements. The Project must receive an Authority to Use Grant Funds (AUGF) before the Project proceeds with the acquisition or physical activities, including non-HUD-funded activities. A choice-limiting action can result in a violation that jeopardizes HUD funding for the Project.

The prohibition on choice-limiting actions prohibits physical activity, including acquisition, Rehabilitation, and construction, as well as contracting for or committing to any of these actions before completion of the environmental review. Some examples of choice-limiting actions are:

- Acquisition
- Rehabilitation
- Demolition
- Site improvements (including site clearance/grubbing)
- Leases or Transfers
- Entering into contracts such as construction bidding
- A change in Project conditions or unexpected conditions arise

Choice-Limiting Actions are not:

- Plans or designs
- Activities necessary to support an application for federal, state, tribal, or local permits
- Option agreement on a proposed property (make sure that the contract is contingent on environmental review clearance and don't close escrow before the review process is complete)

The Department does not determine which Projects will require NEPA clearance. Applicants shall provide the Department a status of any required NEPA review at the time of application.

For more information, visit the [HUD Exchange](#), review [the Department's CDBG-DR Environmental Review guidance](#), or contact the Department's Environmental Services Team at NEPA@hcd.ca.gov.

Section 508. Land Use

Pursuant to HSC section 50675.1.3, subdivision (i), Homekey Projects "shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or any other discretionary reviews or approvals."

Section 509. State Requirements

All Assisted Units and other Units of the Projects must meet all applicable state and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

Section 510. Grantee Liability

All entities in the Grantee structure (to include the Eligible Applicant, any Co-Applicants, and any other entities added to the ownership structure of the Project pursuant to [Section 303 vi.] of this NOFA) shall be bound by the Homekey Program Requirements; and shall remain jointly and severally liable to the Department for performance under the Standard Agreement and for compliance with all Homekey Program Requirements. This provision shall remain applicable notwithstanding any Department-approved transfer or assignment of interest, or any designation of a third party for the undertaking of all or any part of the Scope of Work in the Standard Agreement.

Article VI – Program Operations

Section 600. Program Oversight

As specified by the Department and upon request, Grantees shall provide progress reports in connection with the development plan and any updates to the timeline for completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

Grantees shall promptly notify the Department upon any changes in Grantee organization, authorization, or capacity.

Section 601. Reporting

Grantees shall submit an annual Homekey program and expenditure report to the Department for five years following Standard Agreement execution. The report will be due no later than January 31 for the prior calendar year of January 1 to December 31. The report shall be in such form and contain such information as required by the Department in its sole and absolute discretion. At minimum, the report shall include the following data:

- i. The amount of funds expended for the Project.
- ii. The location of any properties for which the funds are used.
- iii. The number and bed size of habitable housing units produced, or planned to be produced, using the funds.
- iv. The number and demographics of individuals housed, or likely to be housed, using the funds.
- v. The racial and ethnic composition of the tenants and participants assisted.
- vi. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vii. Detail of Supportive Services offered to tenants and participants.
- viii. The number and demographics of tenants and participants who moved out of the Project and whether the move was voluntary or involuntary. The data shall detail the reason for the move and include returns to homelessness and engagement with voluntary moving on strategies.
- ix. Any lessons learned from the use of the funds.
- x. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the Project.
- xi. The progress and status in securing any required entitlements, permits, environmental clearances.
- xii. The proposed timeline for the completion of the Project.

If a Project received an operating award, Grantees shall also report their operating expenditures in the annual report.

In addition to the foregoing, the Grantee shall submit to the Department such periodic

reports, updates, and information as deem necessary by the Department to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

The Grantee shall ensure that the expenditure of Homekey funds is consistent with the requirements of the Program. The Department shall monitor the expenditures to ensure that those expenditures comply with this NOFA.

The Department may request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with Program requirements.

Section 602. Disbursement of Grant Funds

Pursuant to 31 CFR part 35.5, the Department may disburse funds to cover Homekey-critical expenditures that were incurred beginning March 3, 2021. Homekey program funds will be disbursed to the Grantee after the Department has approved the relocation plan or issued a certificate of no-relocation, received a request for funds from the Grantee and a Standard Agreement between the Grantee and the Department is fully executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee.

Where Co-Grantees wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Grantee will serve as the designated payee for all award amounts. Homekey funds awarded to an Applicant may not be transferred to another entity to expend on an eligible use unless that other entity is a signatory on the Standard Agreement.

To avoid any disbursement delays, funds may be issued directly to an escrow company after the transaction has been approved by the Department, for the portion of the grant awarded acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 603. Legal Documents

Upon the award of Homekey funds to a Project, the Department shall enter into one or more agreements with the Grantee, including a Standard Agreement, which shall encumber funds from the Homekey program, subject to specified conditions. The agreement or agreements shall include, but not be limited to:

- i. A description of the approved Project and the permitted uses of funds;
- ii. The amount and terms of the program grant;
- iii. The use, income, occupancy, and rent restrictions to be imposed on the Project through the Affordability Covenant;

- iv. Performance milestones, and other progress metrics, governing the completion of the Project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;
- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the Project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Grantee liability. Specifically, the Grantee will remain liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Grantee will remain jointly and severally liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Grantees' identification of a designated payee.

The agreement will also include such other provisions as are necessary to ensure adherence to the objectives and requirements of the program.

Section 604. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, or convey the awarded Project, or any interest therein or portion thereof, without the express prior written approval of the Department, which may be granted, delayed, or withheld in the Department's sole and absolute discretion. All Applicants and Co-Applicants must be signatories on the Standard Agreement and may not be removed, even upon an approved transfer to another entity.

Section 605. Defaults and Grant Cancellations

Funding commitments may be canceled by the Department under any of the following conditions:

- i. The objectives and requirements of the Homekey program cannot be met, and the implementation of the Project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement or the regulatory agreement.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Grantee to cure the breach or violation. If the

breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:

- a. The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the Project in accordance with Homekey Program Requirements; and
- b. The Department may seek such other remedies as may be available under the relevant agreement or at law, or in equity.

Article VII – Definitions

Below are the definitions for purposes of the Homekey program:

- i. “Affordability Covenant” means the legally binding instrument which (a) is recorded in first position against Project real property in consideration for the Homekey Program Award to the Grantee; (b) imposes use, operation, occupancy, and affordability restrictions on the real property and improvements; and (c) incorporates the Homekey Program Requirements by reference. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, in accordance with Section 208 of this NOFA, after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.
- ii. "Applicant" means the “Eligible Applicant,” as that term is defined in this NOFA, as well as the Eligible Applicant’s Co-Applicant(s), if applicable. As allowed or required by context, the term “Applicant” shall refer to all such entities in their individual and/or collective capacity.
- iii. “Application Upload Checklist” is a form in the application to be completed by the Applicant prior to submission to verify that required documents are submitted pursuant to this NOFA.
- iv. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- v. "Assisted Unit" means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, or other restrictions associated with Homekey requirements. See also “Youth Assisted Unit.”
- vi. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.

- vii. "Case Manager" is a social worker or other qualified person who assists in individualized service planning, and the assessment, coordination, monitoring, referral, and advocacy of services to meet tenants' and participants' Supportive Services needs, including, but not limited to, access to medical and mental health services, substance abuse services, vocational training, employment, home and community-based services and crisis management and interventions. Resident service coordinators are not Case Managers.
- viii. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.
- ix. "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- x. "Co-Applicant" means the nonprofit corporation, for-profit corporation, limited liability company (LLC), and/or limited partnership (LP) that is jointly applying for Homekey funds with a state, regional, or Local Public Entity, or with a Tribal Entity.
- xi. "Continuum of Care" means the same as defined by Title 24 CFR Part 578.3.
- xii. "Department" means the California Department of Housing and Community Development.
- xiii. "Eligible Applicant" means a city; county; a city and county; any other state, regional, and Local Public Entity, including a council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code; or a Tribal Entity(ies) as defined in this NOFA. For purposes of this definition, a "Local Public Entity" is further defined in accordance with HSC section 50079. As allowed or required by context, "Applicant" shall be interpreted to include any of the foregoing entities, as well as that entity's Co-Applicant. Upon receiving an award of Homekey funds, the Eligible Applicant and any Co-Applicant(s) will, both individually and collectively, be referred to as the "Grantee" for purposes of this NOFA.
- xiv. "Enforceable Funding Commitment" (EFC) means a letter or other document, in form and substance satisfactory to the Department, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following:
 - a. The name of the Applicant;
 - b. The Project name;

- c. The Project site address, assessor's parcel number, or legal description; and
- d. The amount, interest rate (if any), and terms of the funding source.

The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval," or a statement that omits the word "commitment," but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the Project.

Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed.

Where local sources may be dependent upon future budget allocations or are in the process of being allocated, Applicants can demonstrate funding commitments by submitting one of the following:

- i. An executed authorizing resolution from the governing body of the Local Public Entity describing the intent to commit the funds to the Eligible Project (by name) upon allocation approval, or
 - ii. A formal letter, on official letterhead, from the Local Public Entity's governing body or from an official with authority, that demonstrates the Local Public Entity's intent to commit funds to the Eligible Project (by name) upon allocation approval. These funding commitments will be noted in the Homekey Standard Agreement.
- xv. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
 - xvi. "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.
 - xvii. "Foster Youth" means a child or nonminor dependent, as defined by Section 475 of Title IV-E of the Social Security Act (42 U.S.C. Sec. 675(8)) and subdivision (v) of Section 11400 of the Welfare and Institutions Code, who has been removed from the custody of their parent, legal guardian, or Indian custodian pursuant to Section 361 or 726 of the Welfare and Institutions Code, and who has been ordered into any placement described in paragraphs (2) to (9), inclusive, of subdivision (e) of Section 361.2 of, or paragraph (4) of subdivision (a) of Section 727 of, the Welfare and Institutions Code.

- xviii. "Grantee" means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under Homekey, and that will be held responsible for compliance with and performance of all Homekey Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an "Eligible Applicant," as that term is defined in this NOFA. All such entities shall, in their individual and collective capacity as the "Grantee," be bound by the Homekey Standard Agreement and each and every one of the Homekey program terms, conditions, and requirements.
- xix. "HDIS" means the statewide Homeless Data Integration System.
- xx. "Homekey Program Requirements" means the following, all as amended and in effect from time to time:
 - a. the Homekey Program Notice of Funding Availability and Guidelines, Round 3;
 - b. Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code;
 - c. ARPA and related federal guidance;
 - d. the Grantee's application for Homekey Round 3 funding;
 - e. the Project report prepared by the Department in reliance on the representations and descriptions included in the Grantee's application for Homekey Round 3 funding;
 - f. the award letter issued by the Department to the Grantee;
 - g. the relevant STD 213, Standard Agreement for the Homekey Round 3 funding; and
 - h. all other applicable law.
- xxi. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.
- xxii. "Homeless Youth" means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as "Homeless" under any of the relevant definitions set forth or identified in Title 24 CFR Part 578.3.
- xxiii. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all of the core components listed therein.
- xxiv. "HUD" means the U.S. Department of Housing and Urban Development.
- xxv. "Interim Housing" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations

identified in this NOFA and which does not require occupants to sign leases or occupancy agreements.

xxvi. "Local Public Entity" is defined in accordance with HSC section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local Public Entity" also includes two or more Local Public Entities acting jointly.

xxvii. "NOFA" means a Notice of Funding Availability.

xxviii. "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not including debt service or required reserve account deposits.

xxix. "Other Populations" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.

xxx. "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.

xxxi. "Permanent Supportive Housing" means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community, as defined at HSC section 50675.14, subdivision (b)(2), except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.

xxxii. "Point-in-Time Count" or "PIT" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.

xxxiii. "Positive Youth Development (PYD)" is an intentional, prosocial approach that engages youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances young people's strengths; and

promotes positive outcomes for young people by providing opportunities, fostering positive relationships, and furnishing the support needed to build on their leadership strengths.

- xxxiv. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxxv. "Project" means a structure or set of structures providing housing or shelter with common financing, ownership, and management.
- xxxvi. "Rehabilitation" means repairs and improvements to a substandard residential structure necessary to make it meet Rehabilitation standards. As used in this section, "substandard residential structure" has the same meaning as the term "substandard building," as defined in HSC Section 17920.3. "Rehabilitation" also includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Target Population.
- xxxvii. "Rural Area" in accordance with HSC Section 50199.21, means an area, which, on January 1 of any calendar year satisfies any of the following criteria:
 - a. The area is eligible for financing under the Section 515 program, or successor program, of the Rural Development Administration of the United States Department of Agriculture;
 - b. The area is located in a nonmetropolitan area as defined in HSC Section 50090; or
 - c. The area is either:
 - i. An incorporated city having a population of 40,000 or less as identified in the most recent Report E-1 published by the Demographic Research Unit of the Department of Finance; or
 - ii. An unincorporated area which adjoins a city having a population of 40,000 or less, provided that the city and its adjoining unincorporated area are not located within a census tract designated as an urbanized area by the United States Census Bureau. The Department shall assist in determinations of eligibility pursuant to this subdivision upon request. With respect to areas eligible under subdivision (b) and this subdivision, the committee may rely upon the recommendations made by the Department. Any inconsistencies between areas eligible under subdivisions (a) and (b), and this subdivision, shall be resolved in favor of considering the area a Rural Area. Eligible and ineligible areas need not be established by regulation.
- xxxviii. "Standard Agreement" means the STD 213, Standard Agreement, and all exhibits thereto.

- xxxix. “Supportive Services” means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- xl. “Target Population” means individuals and families who are experiencing homelessness or who are At Risk of Homelessness, as defined at HSC section 50675.1.3, subdivision (l), and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funding as match, the “Target Population” also includes individuals and families who are “Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking” and “Other Populations” as defined in HUD Community Planning and Development (CPD) Notice 21-10.
- xli. “Tribal Entity(ies)” means an Applicant that is any of the following:
- a. Applicant meets the definition of Indian tribe under Section 4103(13)(B) of Title 25 of the United State Code;
 - b. Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22);
 - c. If not a federally recognized tribe, either:
 - i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations.
 - ii. Applicant is an Indian tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to Section 65352.3 of the Government Code.
- xlii. “Unit” means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.
- xliii. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth, or Youth at Risk of Homelessness, as defined in Title 24 CFR Part 578.3. Pursuant to Section 203, Youth Assisted Units may also serve current and former Foster Youth through the age of 25.
- xliv. “Youth at Risk of Homelessness” means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as “At Risk of Homelessness” or “Homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

Article VIII – Insurance Requirements

Section 800. Insurance Requirements

i. Commercial General Liability

Applicants shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. The policy must name the State of California and the California Department of Housing and Community Development, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.

If available in the open market at a reasonable cost, the policy shall also include an endorsement for physical abuse and child/sexual molestation coverage. Coverage shall include actual or threatened physical abuse, mental injury, sexual molestation, negligent hiring, employment, supervision, investigation, reporting to proper authorities, and retention of any person for whom the Applicant is responsible. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. Coverage shall include the cost of defense and the cost of defense shall be provided outside the coverage limit.

If available in the open market at a reasonable cost, the policy shall also include an endorsement for assault and battery.

ii. Automobile Liability

Applicant shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned motor vehicles. The policy must name the “State of California and the California Department of Housing and Community Development”, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.

If Applicant will not have or use any commercially owned vehicles during the term of the Standard Agreement, by signing the Standard Agreement, the Applicant certifies that the Applicant and any appointees, employees, subcontractors, or servants possess valid automobile coverage in accordance with California Vehicle Code sections 16450 to 16457,

inclusive. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

Applicant shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract. In addition, employer's liability limits of \$1,000,000 are required. By signing the Standard Agreement, Applicant acknowledges compliance with these regulations. A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California and the California Department of Housing and Community Development must be attached to the certificate.

iv. Builder's Risk/Installation Floater

If there is installation or construction of property/materials on or within the facility at any time during the term of the Standard Agreement, the Applicant shall maintain in force, at its own expense, Builders Risk/Installation Floater covering the labor, materials, and equipment to be used for completion of the work performed under this contract against all risks of direct physical loss, excluding earthquake and flood, for an amount not less than the full amount of the property and/or materials being installed and/or constructed on or within the facility. The Applicant agrees as a provision of the contract to waive all rights of recovery against the state.

v. Property Insurance

The Applicant shall maintain fire, lightning and extended coverage insurance on the facility which shall be in a form of a commercial property policy, in an amount equal to one hundred percent (100%) of the then current replacement cost of the facility, excluding the replacement cost of the unimproved real property constituting the site. The extended coverage endorsement shall, as nearly as practicable, include but not be limited to loss or damage by an explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism, and malicious mischief and such other hazards as are normally covered by such endorsement.

vi. Self-Insured

If a state, regional, or Local Public Entity is the sole Applicant, and if that entity is self-insured in whole or in part as to any of the above-described types and levels of coverage, then that entity shall provide the Department with a written acknowledgment of this fact before execution of the Standard Agreement. If, at any time after the execution of the Standard Agreement, the state, regional, or Local Public Entity abandons its self-insured status, that entity shall immediately notify the Department of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements. The Department may accept

evidence of self-insurance from other Eligible Applicants in its sole and absolute discretion.

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APPENDIX A: Capital Contributions to Projects*

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Up to 1 Bedroom	\$140,000	\$140,000	\$0
	\$150,000	\$150,000	\$0
	\$160,000	\$155,000	\$5,000
	\$180,000	\$165,000	\$15,000
	\$200,000	\$175,000	\$25,000
	\$220,000	\$185,000	\$35,000
	\$240,000	\$195,000	\$45,000
	\$260,000	\$205,000	\$55,000
	\$280,000	\$215,000	\$65,000
	\$300,000	\$225,000	\$75,000
	\$320,000	\$235,000	\$85,000
	\$340,000	\$245,000	\$95,000
	\$350,000+	\$250,000	\$100,000+
Two Bedrooms	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
	\$375,000+	\$275,000	\$100,000+
Three or More Bedrooms	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
	\$400,000+	\$300,000	\$100,000+

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Experiencing Chronic Homelessness	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
	\$400,000+	\$300,000	\$100,000+
Homeless Youth or Youth At Risk of Homelessness	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
	\$375,000+	\$275,000	\$100,000+

* The total cost per door referenced in the table above includes all eligible capital expenses, including acquisition, Rehabilitation, and new construction costs.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF STATE FINANCIAL ASSISTANCE**

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www.hcd.ca.gov**HOMEKEY 3.0 – APPRAISAL GUIDELINES**

1. Appraisal reports shall be prepared and signed by an appropriately California-licensed Certified General Real Estate Appraiser in good standing (pursuant to Part 3, commencing with Section 11300 of Division 4 of the Business and Professions Code, and the California Code of Regulations, Title 10, Section 3701) who possesses the appropriate background, education, training, knowledge and experience necessary to accept the assignment and provide credible assignment results. The subject property must be physically inspected (exterior and interior inspections) by at least one of the licensed appraisers signing the report.
2. The appraisal report must be USPAP compliant (current edition as of the date of appraisal report), and must include the report date, client, intended use, intended user, definition of fair market value, signed and dated appraiser certification. Intended users must include the State of California.
3. Appraisal report must provide the fair market value of the fee simple interest, leased fee interest, or going concern (as appropriate) of the subject property based on its current physical condition and recorded or unrecorded title encumbrances under the appraiser's concluded highest and best use. Lease conveyances or conveyances through trusts on tribal lands may also provide a need for leasehold valuations.
4. An appraiser's concluded highest and best use of the property may or may not be its existing use. However, the appraiser must, within the body of the appraisal report and in the letter of transmittal, report the fair market value of its existing use as of the date of inspection, without consideration to Project Homekey funding, other related affordable housing funding, the affordable housing regulatory environment, and funding application status.
5. If an appraiser's concluded highest and best use of the property is not its existing use, an appraisal must clearly and sufficiently demonstrate this conclusion by fully developing valuations under the existing use AND alternate use, accounting for the time and cost of procuring any entitlement approvals, renovation costs, lease up costs, profit, demolition, etc. Moreover, the valuation of the alternate use must utilize comparable data (e.g. sales, rents, expenses, capitalization rates) consistent with the concluded alternate use.
6. If prior to the close of escrow, **owner (seller)**, at their sole cost and expense, will obtain all necessary entitlements and/or complete all physical improvements consistent with the concluded highest and best use, the appraiser should provide a proposed use fair market value that reflects any seller obligations (e.g. entitlements, improvements, etc), in addition to the existing use value.

7. If value scenarios are anticipated to be different for any reason, e.g. unique contractual requirements, the appraiser must contact HCD for guidance in advance of completion of appraisal for instructions, approval of hypotheticals, etc. on how to proceed.
8. All value scenarios need to be market supported with credible market evidence.
9. Appraisal shall utilize the following definition of value:
Fair Market Value: The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
10. Full and complete compliance with USPAP Standards Rules 1-5(a) and (b) and 2-2(a) x (3) as it pertains for documenting the sale history. See Advisory Opinion 1 of USPAP from The Appraisal Foundation. If the subject is under contract or under negotiation for sale, compliance includes describing how the contract/negotiations came to occur (e.g. whether the property was listed for sale or if the buyer made an unsolicited offer), and reconciling the fair market value with the contract/negotiation price by explaining any differences between price and value, and stating whether the contract/negotiation price is below, consistent with, or above fair market value.
11. All appraisals are subject to review by the State of California. State reserves the right to request an independent outside review.

Appraisal report should include the following:

1. Title page with sufficient identification of appraisal project.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.
3. Table of contents.
4. Assumptions and Limiting Conditions.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining and analyzing relevant data.
6. Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements if applicable. (Interior photos of subject property improvements are required.)
7. Copies of Assessor's plat maps with the subject parcels marked.
8. A legal description of the subject property if available.
9. Three-year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.
10. Detailed discussion of any current Agreement of Sale, option, or listing of subject property.
11. Regional, area, and neighborhood analyses.

12. Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition or leasing within the relevant market area.
13. Discussion of subject land/site characteristics (size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes and assessments, etc.).
14. Description of subject improvements, including all structures, square footage, physical age, type of construction, quality of construction, condition, site improvements, etc.
15. Subject leasing and operating cost history.
16. Opinion of highest and best use for the subject property, based on an in-depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use decision.
17. All approaches to market value applicable to the property type and in the subject market. Explain and support the exclusion of any usual approaches to value.
18. Map(s) showing all comparable properties in relation to subject property.
19. Photographs and plat maps of comparable properties.
20. In depth discussion of comparable properties, similarities and differences, and comparisons and adjustments to the comparable data, and discussion of the reliability and credibility of the data as it relates to the indicated subject property value.
21. Comparable data sheets: 1) For sales, include information on grantor/grantee, sale/recordation dates, listed or asking price as of date of sale, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source. 2). For listings, also include marketing time from list date to effective date of the appraisal, original list price, changes in list price, broker feedback, if available. 3). For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased, tenant improvement allowance, concessions, use restrictions, options, and confirming source.
22. Discussion of construction cost methodology, data source used, costs included and excluded.
23. Discussion relating to remaining economic life. Depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.
24. Copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.
25. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report and the assumption that there is no effect on value.

26. Reconciliation and final value estimate. Explain and support conclusions reached.
27. Signed Certification consistent with language found in USPAP.
28. A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
29. These appraisal guidelines must be included in the Addenda of appraisal report.