

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF
BOARD OF DIRECTORS MEETING
1002 North School Street, Building A
Honolulu, Hawaii 96817
Thursday, September 11, 2025
8:00 a.m.**

**AGENDA
As Amended, 9/11/25***

**THIS MEETING WILL BE HELD VIA ZOOM (INTERACTIVE AUDIO VISUAL
CONFERENCE TECHNOLOGY) OR TELECONFERENCE CALL (AUDIO-ONLY
COMMUNICATION) AND AT 1002 NORTH SCHOOL STREET, BUILDING A,
HONOLULU, HI 96817**

Viewing/Participating in the Meeting:

Zoom: The public may participate in the Board meeting as it happens via Zoom (a free video conferencing service to hold virtual meetings online) by clicking on this link: <https://zoom.us/j/81665510246?pwd=NHlyWkVKYkw1Y3puRlFOZzFmYTNXUT09>
When prompted, enter the Meeting ID: 816 6551 0246 and the Password: x71pPw

Alternatively, the public may also participate via telephone by calling: 1-669-900-6833. When prompted, callers should enter the Meeting ID: 816 6551 0246 and the Password: 771231. We request that meeting participants change the display on their device to show their first and last name to expedite rollcall. Please keep in mind that many devices will display your cellphone number if not changed.

If the Hawaii Public Housing Authority (HPHA) loses internet or Zoom connection during the meeting where audiovisual communication cannot be maintained with all participating Board members and quorum is lost, the meeting will automatically be recessed for 30 minutes to restore audiovisual communication. **Audio-Only Communication:** If the attempt to restore audiovisual communication is unsuccessful, all Board members, staff, the public may continue to participate in the Board meeting via teleconference call by calling 1-862-799-9759, whereby audio-only communication will be established for all participants and the meeting will continue. When prompted, callers outside of the United States should enter the Access Code: 8232649.

Physical Meeting Location:

The public may also attend the meeting at 1002 North School Street, Building A, Honolulu, HI 96817, which will be connected via Zoom to the remote meeting. At this time, no Board members are scheduled to be physically present at this location.

Providing/Submitting Testimony – Written, Oral, Audiovisual:

Interested persons can submit written testimony in advance of each meeting that will be distributed to the Board members prior to the meeting. Written testimony should indicate the relevant agenda item. Submit written testimony via email to rochelle.k.kepaa@hawaii.gov or via postal mail to the Hawaii Public Housing Authority at P.O. Box 17907, Honolulu, HI 96817. We request written testimony be submitted no later than 48 hours prior to the scheduled meeting to ensure that the testimony may be distributed to the Board prior to the meeting. Late written testimony will be distributed to the Board at the meeting and retained as part of the record and distributed to the Board members as soon as practicable, but we cannot ensure they will receive it with sufficient time for review prior to decision-making on the agenda item in question.

The Board will also consider public testimony given at the meeting on any item relevant to this agenda. Pursuant to Section 92-3, Hawaii Revised Statutes, and Section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item and shall only accept oral testimony related to items on the agenda.

Individuals may submit oral testimony during the meeting by sending an email request to rochelle.k.kepaa@hawaii.gov no later than Tuesday, September 9, 2025, or by using the “Raise Hand” feature in Zoom, or by simply announcing/identifying themselves when the item they want to testify about during the public testimony portion of the meeting is opened. Individuals may also provide audiovisual oral testimony by using the “Raise Hand” feature in Zoom, clicking the “Unmute” icon to talk, and clicking the “Start Video” icon to turn camera on.

Executive Session: If or when the Board of Directors enter executive session, all non-Board members will be moved to the virtual waiting room by the HPHA. Individuals are welcome to wait in the virtual waiting room and will be readmitted to the meeting at the end of the executive session.

I. CALL TO ORDER/ESTABLISHING QUORUM

II. DISCUSSION AND/OR DECISION MAKING

- A. To: **(1)** Authorize the Executive Director to Execute Rights of Entry for Access and Improvements for All Phases of the School Street Redevelopment Located at 1002 North School Street, Honolulu, Hawai'i 96817, Tax Map Key No. (1) 1-6-009-011 (“Property”); and **(2)** Authorize the Executive Director to Execute a Grant of Easement with the Hawaiian Electric Company (“HECO”) on a Portion of the Property

- B. To: **(1)** Declare the Hawaii Public Housing Authority's ("Authority") Participation in the Partnership Agreement, the Disposition and Development Agreement, and Phase 1 of the Kuhio Park ~~[Terrace]~~ Low Rises Redevelopment Project ("Project") all Fulfill a Public Purpose as Required by HRS § 356D-12.5(a)(1); **(2)** Approve the Form of the Amended and Restated Agreement of Limited Partnership for the Project, Submitted to the Authority on August 25, 2025, with Modifications Limited to Typographical or Clerical Corrections, or Non-Substantive Changes that Will Not Affect the Rights of the Authority or Impact the Affordability of the Project Subject to Approval by the Executive Director; and **(3)** Authorize and Direct the Executive Director to Approve the Final Plans and Specifications for the Kuhio Park Low Rises Redevelopment Project Phase 1 on Behalf of the Board
- C. To: **(1)** Adopt Proposed Changes to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2021, Hawaii Administrative Rules, Entitled "Grievance Procedure", As Follows:
- (A) Add a New Subchapter 1.1, Consisting of Sections 17-2021-4 and 17-2025;
 - (B) Amend Section 17-2021-4 to Clarify that Rental Agreements Shall be Terminated Pursuant to Chapter 17-2020, Hawaii Administrative Rules;
 - (C) Adopt Section 17-2021-5 Which (i) Sets Forth the Informal Settlement Process for Grievances Related to a Notice of Proposed Termination of Rental Agreement, (ii) and the Situations in Which it is Not Applicable;
 - (D) Amend Section 17-2021-10 to Clarify a Project Management Office Shall Schedule a Date and Time to Meet with a Tenant to Discuss the Informal Settlement of a Grievance;
 - (E) Delete Section 17-2021-21(d) Which Prohibits the HPHA from Commencing a New Eviction Proceeding Against a Complainant if the Complaint Involves a Notice of Proposed Termination;
 - (F) Repeal Subchapter 4, Entitled "Expedited Grievance Procedures", Which Includes Sections 17-2021-30 to 17-2021-35; and
 - (G) Make Technical, Non-Substantive Changes to Sections 17-2021-2, 17-2021-3, 17-2021-10, 17-2021-11, 17-2021-12, 17-2021-13, 17-2021-20, and 17-2021-21; and
- (2)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Revision of Chapter 17-2021, Hawaii Administrative Rules, Including Making Non-Substantive Revisions to Formatting as May Be Required
- D. To: **(1)** Rescind the Hawaii Public Housing Authority's (HPHA) Admissions & Continued Occupancy Policy (ACOP) Chapter 13 – Complaints, Grievances, and Appeals, Dated August 24, 2000; **(2)** Affirm that Chapters 17-2020, 17-2021, and 17-2028, Hawaii Administrative Rules (HAR),

Provide All of the HPHA's Grievance Procedures for its Federal Public Housing Projects; **(3)** Approve the New ACOP Chapter 13 which Provides that the HPHA's Grievance Procedures can be Found at Chapters 17-2020, 17-2021, and 17-2028, HAR; **(4)** Correct References to ACOP Chapter 13 Found in ACOP Chapters 2 and 4; and **(5)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary to Implement the Changes, Including Distributing the Information to the Resident Advisory Board and Residents in Federal Public Housing

III. ADJOURNMENT

The Board agenda and packet materials for this meeting are available for inspection on the HPHA's website: <https://hpha.hawaii.gov/meeting-packets> and are available for in person review at the Board's office located at 1002 North School Street, Building E, Honolulu, HI 96817.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Ms. Kanoe Kepaa by telephone at (808) 832-4694 or by email at rochelle.k.kepaa@hawaii.gov as soon as possible, preferably by close of business three days prior to the meeting date. Requests should be made as early as possible to have a greater likelihood of being fulfilled. If a response is received after Tuesday, September 9, 2025, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Upon request, this notice is available in alternate/accessible formats.

* The agenda was amended by a unanimous vote of the members present at the meeting.



FOR ACTION

MOTION: To: **(1)** Authorize the Executive Director to Execute Rights of Entry for Access and Improvements for All Phases of the School Street Redevelopment Located at 1002 North School Street, Honolulu, Hawai'i 96817, Tax Map Key No. (1) 1-6-009-011 ("Property"); and **(2)** Authorize the Executive Director to Execute a Grant of Easement with the Hawaiian Electric Company ("HECO") on a Portion of the Property

I. FACTS

- A. On April 4, 2024, the Authority approved the Disposition and Development Agreement, Ground Lease, Memorandum of Ground Lease, Purchase Option and Right of First Refusal, Subdevelopment Fee Agreement, Asset Management Fee Agreement, HPHA Property Management Fee Agreement, and Performance and Completion Guaranty (together, "Closing Documents") for Phase 1A of the School Street Redevelopment located at 1002 North School Street, Honolulu, Hawai'i 96817, Tax Map Key No. (1) 1-6-009-012 ("Phase 1A Site").
- B. On June 6, 2024, the development team closed on interim financing and executed the Closing Documents for Phase 1A of the School Street Redevelopment. Construction started immediately following the closing.
- C. Construction is advancing on schedule and is on track to be complete in the second half of 2026.

II. DISCUSSION

- A. As construction progresses on the Phase 1A Site, the general contractor, its subcontractors, and utility companies will require access and authorization to complete off-site improvements on the Property, which is located immediately adjacent to the Phase 1A Site.
- B. A right of entry will be required for the General Contractor, Hawaiian Dredging Construction Company, Inc., and its subcontractors, or any other party that will need access to the Property to complete improvements associated with the School Street Redevelopment.

- C. Any Contractor or individual granted a right of entry or easement on the HPHA's property will be required to execute any necessary agreements with the HPHA and comply with insurance requirements, as appropriate.
- D. Through the course of construction, it was determined that HECO will need to install a new support post and cables ("HECO Supports") for a high voltage power line pole that is located adjacent to School Street. The HECO Supports will be installed to comply with life safety requirements for the School Street Redevelopment.
- E. The HECO Supports will require anchoring on the Property and therefore HECO is requesting that HPHA provide a grant of easement so that it may install its HECO Supports. In order to allow HECO immediate access to the Property and to not impede the construction schedule, HECO is also requesting a right of entry prior to the completion of the grant of easement.

III. RECOMMENDATION

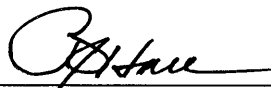
That the Board of Directors: **(1)** Authorize the Executive Director to Execute Rights of Entry for Access and Improvements for All Phases of the School Street Redevelopment Located at 1002 North School Street, Honolulu, Hawai'i 96817, Tax Map Key No. (1) 1-6-009-011 ("Property"); and **(2)** Authorize the Executive Director to Execute a Grant of Easement with the Hawaiian Electric Company ("HECO") on a Portion of the Property

Attachment A: Hawaiian Dredging Right-Of-Entry Agreement
Attachment B: Hawaiian Electric Company Right-Of-Entry Agreement
Attachment C: Hawaiian Electric Company Grant of Non-Exclusive Easement

Prepared by: Carson Schultz, Development Officer 

Approved by the HPHA Board of Directors
on the date set forth above

[☒] As Presented [☐] As Amended



Robert J. Hall
Chairperson

RIGHT-OF-ENTRY AGREEMENT
HPHA School Street Redevelopment Project
(Trenching for Utility Work, Installation of Utilities, Road Improvements, and Access)

This **RIGHT-OF-ENTRY AGREEMENT** (this "**Agreement**") is made as of _____, 2025 (the "**Effective Date**"), by and between **HAWAII PUBLIC HOUSING AUTHORITY**, a public body and a body corporate and politic, existing under the laws of the State of Hawaii ("**Authority**"), and **HAWAIIAN DREDGING CONSTRUCTION COMPANY, INC.**, a Hawaii corporation ("**Permittee**").

RECITALS:

A. The Authority is a public housing authority formed pursuant to Chapter 356D of Hawaii Revised Statutes ("**HRS**"). The Authority is the fee simple owner of certain land consisting of approximately 12.48 acres located at 1622 Ahiahi Place, Honolulu, Hawaii, 96817, designated as Tax Map Key Nos. (1) 1-6-009-011, (1) 1-6-009-012 and (1) 1-6-009-013, and which has been subdivided into Lots 1, 2, and 3, as is more particularly described in **Exhibit A** attached hereto, which is incorporated herein by reference (the "**Property**").

B. The Authority and RHF Foundation, Inc., a California nonprofit corporation, ("**RHFFI**"), entered into that certain Master Development Agreement dated November 15, 2019 (the "**Development Agreement**") governing the rights and obligations of the parties concerning the planning, design, entitlement, construction, ownership, rental, management, and operation of the School Street Redevelopment Project (as defined therein).

C. The Authority, RHFFI and HCDC School Street LLC, a Hawaii limited liability company ("**HCDC**") are parties to that certain Assignment and Assumption of Master Development Agreement and Release dated January 11, 2024, by which RHFFI assigned, and HCDC accepted and assumed, RHFFI's rights and interests in, to and under the Development Agreement.

D. Pursuant to the Development Agreement, HCDC formed School Street I, LP, a Hawaii limited partnership, ("**Developer**") as a separate, HCDC-controlled limited partnership, qualified to transact business in the State, to act as the owner for the development of the first phase of replacement low-income housing on a portion of the Property ("**Phase 1A**").

E. On June 1, 2024, the Authority and the Developer entered into a Ground Lease for Phase I of the School Street Redevelopment Project ("**Ground Lease**").

F. The Developer and Permittee entered into the Agreement Between Owner and Contractor dated March 1, 2024, ("**Construction Contract**"), and as permitted by permits issued by the City & County of Honolulu Department of Planning and Permitting for the School Street Redevelopment Project (collectively, the "**Permitted Purposes**").

G. In order to commence carrying out the obligations under the Construction Contract, the Authority and the Permittee have agreed that certain activities will need to occur under this

right of entry outside of the Phase 1A area to accommodate the construction of all phases of the School Street Redevelopment Project.

H. Pursuant to the Development Agreement, in furtherance of HCDC's obligations for construction and development of the School Street Redevelopment Project, Permittee has requested a revocable temporary right of entry to enter the Property in favor of Permittee and its agents, consultants, contractors or representatives, including without limitation, for the following purposes:

1. Dredging for utility work;
2. Installation of utilities;
3. Road improvements; and
4. Access

and any activities as Permittee, in its reasonable discretion, deems necessary or appropriate ("**Permitted Work**") concerning the construction of the School Street Redevelopment Project in accordance with that certain Agreement Between Owner and Contractor dated March 1, 2024, by and between Developer and Permittee ("**Construction Contract**"), and as permitted by those certain permits issued by the City & County of Honolulu Department of Planning and Permitting for the School Street Redevelopment Project.

I. The Authority is willing to grant a revocable temporary right of entry to Permittee to enter the Property for the Permitted Purposes, subject to the terms and conditions set forth herein.

AGREEMENT:

In consideration of the Recitals, the Authority and Permittee hereby agree as follows:

1. **GRANT OF LIMITED RIGHT OF ENTRY.** The Authority hereby grants to Permittee and Permittee hereby accepts from the Authority, the limited, exclusive right, upon the terms and conditions set forth in this Agreement, to enter upon the Property solely for the Permitted Purposes. Permittee shall not permit or conduct on the Property any activities beyond the scope of or in breach of the Permitted Purposes and this Agreement. All persons conducting studies and investigations on the Property must wear a uniform or clearly visible identification tag that provides the name of such person and the name of the company or business they are representing. Each and any entry shall be made only during regular business hours customary for construction (e.g., 7:45 a.m. to 4:30 p.m., Monday through Friday, excluding State Holidays with occasional Saturdays as needed for the timely completion of work).

2. **TERM.** This Agreement shall commence on the Effective Date and continue through the construction closing of all phases of the School Street Redevelopment Project, unless extended in the mutual consent of the parties, or sooner terminated in accordance with this Agreement (the "**Term**"). Permittee shall coordinate entry upon the Property with the Authority. Upon a material default by Permittee under this Agreement, the Authority shall give written notice

of such material default, with a right to cure such default of not less than thirty (30) days; provided that if the Authority reasonably determines that Permittee is conducting illegal activities on the Property, then this Agreement may be revoked by the Authority immediately upon written notice to Permittee. The Authority may also terminate this Agreement upon thirty (30) days prior written notice. Revocation or termination of this Agreement shall not release Permittee of or from any liability or obligations arising out of or in connection with the acts or omissions of Permittee during the Term.

3. **CONDITION OF PROPERTY.** Upon expiration of the Term or sooner termination of this Agreement, Permittee shall, unless permitted to continue under any lease agreement(s) from the Authority to Permittee for the Property, (a) cause the removal of all equipment brought to the Property by them; and (b) repair any damage to the Property caused by Permittee or any of them.

4. **PROHIBITED USES AND ACTIVITIES.** Except for reasonable, temporary signage addressing safety matters and work described in the Construction Contract, Permittee shall not erect any structure, fence, barricade, tank, signage, or make or install any improvements of any kind whatsoever except with the prior written consent of the Authority obtained in each case, which consent the Authority in its sole and arbitrary discretion may withhold, condition, or deny. HPHA hereby consents to the performance of the work described in the Construction Contract.

5. **ENTRY NOTICE.** Permittee shall provide two (2) business days advanced telephonic or electric mail notice to the Authority before any Permittee enters the Property. Prior to entering the Property pursuant to this Agreement, the Permittee shall provide the Authority with satisfactory evidence that any applicable Permittee is insured in accordance with the insurance requirements described in the Construction Contract. Permittee shall not obstruct ingress and egress to and from the parking areas or driveways within the Property, except as Permittee reasonably deems necessary or appropriate for the Permitted Purposes. If applicable, Permittee shall not unreasonably impair the operations and use of the Property by the existing permittees on the Property or their respective employees, agents, or invitees. Permittee shall not be responsible for any wrongful acts or omissions of such third-party occupants or permittees with respect to their use and occupation of the Property.

6. **COMPLIANCE WITH LAW.** Permittee, at all times during the Term, will observe and perform all laws, ordinances, rules, and regulations, now or hereafter made by any governmental authority, applicable to the Property or Permittee's use of the Property. Permittee will secure all necessary permits and governmental authorizations necessary or appropriate to Permittee's use of the Property and, upon request therefor, shall provide true and complete copies thereof to the Authority. Without limiting the generality of the foregoing, Permittee shall take all necessary precautions to preclude (and shall be solely responsible for) any release or discharge of mud or other matter from the Property to adjoining properties and public streets caused by or in connection with Permittee's activities. Permittee must comply with all applicable construction noise regulations, including but not limited to the noise regulations established by the Hawaii State Department of Health.

7. **INDEMNITY.** Permittee shall defend, indemnify, and hold harmless the Authority and the Authority, its employees, officers, agents, representatives, successors, and

assigns (“**Indemnitees**”) against any loss, cost, action, claim, damage, or injury arising out of the wrongful acts or omissions on the Property by Permittee during the Term, including, but not limited to, property damage, personal injury, or wrongful death. Permittee’s obligation to defend, indemnify, and hold harmless the Indemnitees shall survive the termination or expiration of this Agreement, notwithstanding any other provision to the contrary. Permittee shall not be responsible for any wrongful acts or omissions of third-party occupants or permittees with respect to their use and occupation of the Property.

8. **COST OF WORK.** All costs in connection with the Permitted Work under this Agreement shall be at the expense of the Permittee. Permittee understands that the Permitted Work is at Permittee’s sole risk and expense.

9. **NO LIENS.** Permittee and Authority will not commit or suffer any act or neglect whereby the Property or any improvements thereon shall become subject to any attachment, judgment, lien, charge or encumbrance.

10. **HAZARDOUS MATERIALS.** Permittee shall be bound under this Agreement to the same terms pertaining to hazardous materials as required under the Development Agreement. Notwithstanding anything to the contrary set forth in the Development Agreement, Permittee shall not be liable for any claims or other liabilities resulting from any condition existing on the Property prior to the Effective Date as previously identified in (i) the Phase I Environmental Site Assessment, prepared by Partner Engineering and Science, Inc. and dated December 12, 2023; (ii) the Phase II Environmental Site Assessment, prepared by Partner Engineering and Science Inc. and dated January 4, 2024; (iii) the Draft Environmental Impact Statement, prepared by PBR Hawaii & Associates and Concordia and dated December 26, 2017, the *Hawaii Public Housing Authority Administrative Offices Redevelopment Draft Environmental Impact Statement*; and (iv) the Final EIS (as defined in the Development Agreement) or for any claim or other liability caused by the negligent acts of the Authority or its agents other than Permittee.

11. **INSURANCE.** Permittee shall maintain insurance acceptable to the Authority in full force and effect throughout the Term of this Agreement as required under the Development Agreement or as otherwise approved by the Authority in writing.

12. **EXISTING LIENS AND EASEMENTS.** Permittee shall be solely responsible for any damage caused by Permittee to the lines, pipes, conduits, easements, and rights of way of others in, on, under, over, across, or through the Property.

13. **ASSIGNMENT.** This Agreement shall not be assigned or transferred by Permittee to any other party without the prior written consent of the Authority.

14. **AMENDMENTS.** No amendment, modification, waiver, renewal or extension of this Agreement or any provision hereof, nor any consent to any departure therefrom by either party shall be effective unless the same shall be in writing and signed by both parties. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Notice to, or demand on a party in any case shall not entitle either party to any other or further notice or demand in similar or other circumstances.

15. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of Permittee and the Authority and their respective successors and permitted assigns.

16. **GOVERNING LAW.** The laws of the State of Hawaii shall govern the construction, validity, performance and enforcement of this Agreement.

17. **ATTORNEYS' FEES.** In the event of any dispute arising under this Agreement, each party shall be responsible for its own costs of suit, including attorneys' fees.

18. **COUNTERPARTS.** This Agreement may be executed in two or more counterparts, each of which shall be considered an original and all of which taken together shall constitute one instrument.

[signatures on the following page]

The Authority and Permittee have executed this Agreement as of the Effective Date.

Approved as to Form: _____ Linda L.W. Chow Deputy Attorney General	HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic “Authority” By: _____ Hakim Ouansafi Executive Director
HAWAIIAN DREDGING CONSTRUCTION COMPANY, INC., a Hawaii corporation “Permittee” By: _____ _____ Its: _____	

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

LOT 1

SCHOOL STREET SENIOR AFFORDABLE HOUSING REDEVELOPMENT PHASE 1A

Land situated at Kapalama, Honolulu. Oahu, Hawaii.

All of that certain parcel of land, being a portion of Former Lanakila Emergency Homes as shown on C.S.F. 25,734, being also a portion of Royal Patent 4475, Land Commission Award 7713, Apana 38 to V. Kamamalu.

Beginning at the southwesterly corner of this parcel of land on the northeasterly side of School Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 419.56 feet South and 714.57 feet West, thence running by azimuths measured clockwise from True South:

1. 151° 57' 40" 160.69 feet along the northeasterly side of School Street;
2. 235° 25' 350.60 feet along Lots 1 and 10, Land Court Application 290 (Map 13), across Ahiahi Street, and along Lot 10-B-1, Land Court Application 290 (Map 36) and a portion of Lot 10-A-2-B, Land Court Application 290 (Map 123);
3. 262° 19' 144.52 feet along the remainder of Former Lanakila Emergency Home;
4. 307° 40' 143.62 feet along Hala Drive;
5. Thence along the same on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being: 336° 40' 54" 19.40 feet;
6. Thence along Kuakini Street Extension on a curve to the left with a radius of 235.00 feet, the chord azimuth and distance being: 313° 10' 54' 372.95 feet;
7. Thence along same on a curve to the right with a radius of 325.00 feet, the chord azimuth and distance being: 294° 10' 358.76 feet;
8. 327° 40' 28.51 feet along Kuakini Street Extension;

9. 69° 27' 425.71 feet along Governor's Executive Order 1292 (CSF 14,458) and Governor's Executive Order 2437 (CSF 15,793);
10. 80° 00' 31.50 feet along Governor's Executive Order 2386 (CSF 15,512);
11. 24° 00' 43.51 feet along the same
12. Thence along same on a curve to the right with a radius of 60.00 feet, the chord azimuth and distance being: 42° 45' 38.57 feet;
13. 61° 30' 132.16 feet along Governor's Executive Order 2386 (CSF 15,512);
14. 331° 30' 147.48 feet along the remainder of Former Lanakila Emergency Homes;
15. 64° 35' 205.16 feet along Lanakila Avenue;
16. Thence along the northeasterly corner of the intersection of Lanakila Avenue and School Street on a curve to the left with a radius of 30.00 feet, the chord azimuth and distance being: 288° 13' 50" 41.41 feet;
17. 151° 52' 40" 394.63 feet along School Street;
18. 241° 54' 43" 45.50 feet along the remainder of Former Lanakila Emergency Homes;
19. 151° 54' 43" 14.40 feet along same;
20. 241° 54' 43" 53.71 feet along same;
21. Thence along same on a curve to the left with a radius of 33.67 feet, the chord azimuth and distance being: 211° 54' 43" 33.67 feet;
22. Thence along the remainder of Former Lanakila Emergency Homes on a curve to the right with a radius of 2.33 feet, the chord azimuth and distance being: 211° 54' 43" 2.33 feet
23. 241° 54' 43" 47.91 feet along the remainder of Former Lanakila Emergency Homes;
24. Thence along same on a curve to the right with a radius of 19.33 feet, the chord azimuth and distance being: 286° 54' 43" 19.33 feet;

25. 331° 54' 43" 1.00 feet along the remainder of Former Lanakila
Emergency Homes;
26. 241° 54' 43" 28.18 feet along same;
27. 151° 54' 43" 1.55 feet along same;
28. Thence along same on a curve to the right with a radius of 24.5 feet, the chord azimuth and
distance being: 193° 27' 20" 32.50 feet;
29. Thence along the remainder of Former Lanakila Emergency Homes of a curve to the right
with a radius of 50.50 feet, the chord azimuth and
distance being: 199° 09' 57" 59.13 feet;
30. 241° 54' 43" 11.00 feet along the remainder of Former Lanakila
Emergency Homes
31. 151° 54' 43" 52.37 feet along same;
32. Thence along same on a curve to the right with a radius of 55.50 feet, the chord azimuth
and distance being: 125° 34' 40" 49.24 feet;
33. 99° 14' 37" 60.72 feet along the remainder of Former Lanakila
Emergency Homes;
34. Thence along same on a curve to the right with a radius of 49.50 feet, the chord azimuth
and distance being: 121° 57' 23" 38.23 feet
35. 133° 40' 09" 64.58 feet along same;
36. Thence along same on a curve to the left with a radius of 55.50 feet, the chord azimuth and
distance being: 103° 18' 25" 73.35 feet;
37. 61° 56' 41" 47.84 feet along remainder of Former Lanakila Emergency
Homes;
38. 331° 56' 41" 10.00 feet along same;
39. 61° 56' 41" 34.14 feet along same;
40. 61° 38' 38" 20.14 feet along same;
41. 61° 56' 41" 35.07 feet along same;

42. Thence along same on a curve to the right with a radius of 19.50 feet, the chord azimuth and distance being: 81° 19' 03" 12.94 feet to the point of beginning and containing an Area of 10.564 Acres.

TOGETHER WITH Easement A-1 for access purposes and utility purposes and being more particularly described as follows:

EASEMENT A-1

Land situated at Kapalama, Honolulu, Oahu, Hawaii.

Being a portion of Former Lanakila Emergency Homes as shown on C.S.F. 25,734, being also a portion of Royal Patent 4475, Land Commission Award 7713, Apana 38 to V. Kamamalu.

Beginning at the westerly corner of this easement on the northeasterly side of School Street, being also the initial point of the above described parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 419.56 feet South and 714.57 feet West, thence running by azimuths measured clockwise from True South:

1. Along the remainder of Former Lanakila Emergency Homes on a curve to the left with a radius of 19.50 feet, the chord azimuth and distance being; 267° 19' 93" 12.94 feet;
2. 241° 56' 41" 35.07 feet along the remainder of Former Lanakila Emergency Homes;
3. 247° 38' 38" 20.14 feet along same;
4. 241° 56' 41" 81.98 feet along same;
5. Thence along same on a curve to the right with a radius of 45.50 feet, the chord azimuth and distance being: 283° 18' 25" 45.50 feet;
6. 324° 40' 09" 64.58 feet along the remainder of Former Lanakila Emergency Homes;
7. Thence along same on a curve to the left with a radius of 59.50, the chord azimuth and distance being: 301° 57' 23" 45.95 feet;
8. 279° 14' 37" 60.72 feet along remainder of Former Lanakila Emergency Homes;
9. Thence along same on a curve to the right with a radius of 45.50 feet, the chord azimuth and distance being: 305° 34' 40" 40.37

10. 331° 54' 43" 42.87 feet along the remainder of Former Lanakila Emergency Homes;
11. Thence along the remainder of Former Lanakila Emergency Homes on a curve to the right with a radius of 50.50 feet, the chord azimuth and distance being: 13° 27' 19" 66.98;
12. Thence along remainder of Former Lanakila Emergency Homes on a curve to the left with a radius of 24.50 feet, the chord azimuth and distance being: 13° 27' 20" 32.50 feet;
13. 331° 54' 43" 1.55 feet along the remainder of Former Lanakila Emergency Homes;
14. 61° 54' 43" 22.50 feet along same;
15. 151° 54' 43" 1.00 feet along same;
16. Thence along same on a curve to the left with a radius of 25.00 feet, the chord azimuth and distance being: 106° 54' 43" 35.36 feet;
17. 61° 54' 43" 47.95 feet along the remainder of Former Lanakila Emergency Homes;
18. Thence along same on a curve to the right with a radius of 33.67 feet, the chord azimuth and distance being: 25° 33' 03" 39.92 feet;
19. 61° 54' 43" 53.71 feet along the remainder of Former Lanakila Emergency Homes;
20. 331° 54' 43" 14.40 feet along same;
21. 61° 54' 43" 45.50 feet along same;
22. 163° 22' 26.34 feet along same;
23. 151° 54' 43" 43.59 feet along same;
24. 241° 54' 43" 56.38 feet along same;
25. 220° 24' 33.65 feet along same;
26. 241° 54' 43" 6.30 feet along same;
27. Thence along same on a curve to the right with a radius of 33.67 feet, the chord azimuth and distance being: 278° 16' 56" 39.92 feet;

28. 241° 54' 43" 109.92 feet along the remainder of Former Lanakila Emergency Homes;
29. Thence along same on a curve to the left with a radius of 30.00 feet, the chord azimuth and distance being: 196° 54' 43" 42.43 feet;
30. 151° 54' 43" 42.87 feet along the remainder of Former Lanakila Emergency Homes;
31. Thence along same on a curve to the left with a radius of 25.00 feet, the chord azimuth and distance being: 125° 34' 40" 22.18 feet;
32. 99° 14' 37" 60.72 feet along the remainder of Former Lanakila Emergency Homes;
33. Thence along same on a curve to the right with a radius of 80.00 feet, the chord azimuth and distance being: 121° 57' 23" 61.78 feet;
34. 144° 40' 09" 64.58 feet along remainder of Former Lanakila Emergency Homes;
35. Thence along same on a curve to the left with a radius of 25.00 feet, the chord azimuth and distance being: 103° 18' 25" 33.04 feet;
36. 61° 56' 41" 82.00 feet along the remainder of Lanakila Emergency Homes;
37. 56° 14' 44" 20.14 feet along same;
38. 61° 56' 41" 35.06 feet along same;
39. Thence along same on a curve to the left with a radius of 20.00 feet, the chord azimuth and distance being: 43° 09' 30" 12.88 feet;
40. 151° 57' 40" 32.94 feet along the northeasterly side of School Street to the point of beginning and containing an Area of 21,797 square feet.

TOGETHER ALSO with Easement U-2 for utility purposes and being more particularly described as follows;

EASEMENT U-2

Land situated at Kapalama, Honolulu, Oahu, Hawaii

Being a portion of Former Lanakila Emergency Homes as shown on C.S.F. 25,734, being also a portion of Royal Patent 4475, Land Commission Award 7713, Apana 38 to V. Kamamalu.

Beginning at the westerly corner of this easement on the northeasterly side of School Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 408.64 feet South and 699.09 feet West, thence running by azimuths measured clockwise from True South:

1. Along the remainder of Former Lanakila Emergency Homes on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being: 223° 09' 30" 12.88 feet;
2. 241° 56' 41" 35.06 feet along the remainder of Former Lanakila Emergency Homes;
3. 236° 14' 44" 20.14 feet along same;
4. 241° 56' 41" 82.00 feet along same;
5. Thence along same on a curve to the right with a radius of 25.00 feet, the chord azimuth and distance being: 268° 30' 35" 22.36 feet;
6. 61° 56' 41" 138.30 feet along same;
7. 331° 56' 41" 9.00 feet along same;
8. 61° 56' 41" 31.00 feet along same;
9. 151° 57' 40" 12.85 feet along the northeasterly side of School Street to the point of beginning and containing an Area of 1761 square feet.

SUBJECT, HOWEVER, to Easement A-2 for access purposes and being more particularly described as follows:

EASEMENT A-2

Land situated at Kapalama, Honolulu, Oahu, Hawaii.

Being a portion of Former Lanakila Emergency Homes, being also a portion of Royal Patent 4475, Land Commission Award 7713, Apana 38 to V. Kamamalu.

Beginning at the easterly corner of this easement on the northerly side of Lanakila Avenue, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 1006.87 feet South and 141.68 feet West, thence running by azimuths measured clockwise from True South:

1. 64° 35' 22.53 feet along the northerly side of Lanakila Avenue
2. 151° 30' 444.95 feet along the remainder of Former Lanakila Emergency Homes;
3. 61° 54' 43" 28.18 feet along same;
4. 331° 30' 496.00 feet along same to the point of beginning and containing an Area of 10,023 square feet,

TOGETHER, ALSO, with Easement U-1 for utility purposes and being more particularly described as follows:

EASEMENT U-1

Land situated at Kapalama, Honolulu, Oahu, Hawaii.

Being a portion of Former Lanakila Emergency Homes as shown on C.S.F. 25,734, being also a portion of Royal Patent 4475, Land Commission Award 7718 to V. Kamamalu.

Beginning at the southerly corner of this easement on the northeasterly side of School Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 419.56 feet South and 714.57 feet West, thence running by azimuths measured clockwise from True South:

1. 157° 57' 40" 11.21 feet along the northeasterly side of School Street;
2. 241° 56' 41" 70.50 feet along the same;
3. 331° 56' 41" 17.50 feet along the same;
4. 61° 56' 41" 3.19 feet along the same;
5. 67° 38' 38" 20.14 feet along the same;
6. 61° 58' 41" 35.07 feet along the same;
7. Thence along same on a curve to the right with a radius of 19.50 feet, the chord azimuth and distance being: 81° 19' 03" 12.94 feet to the point of beginning and containing an Area of 1103 square feet.

SUBJECT, FURTHER, to the following as shown on Former Lanakila Emergency Homes C.S.F. 25,734:

1. Perpetual Non-Exclusive Easement for Electrical Transmission Lines and Poles
2. Kapalama Drainage Ditch
3. Existing 5-foot wide Sewer Easement as shown on C.S.F. 25,734.

LOT 3

Land situated at Kapalama, Honolulu, Oahu, Hawaii.

Being a portion of Former Lanakila Emergency Homes as shown on C.S.F. 25,734, being also a portion of Royal Patent 4475, Land Commission Award 7718 to V. Kamamalu.

Beginning at the westerly corner of this parcel of land on the northeasterly corner of the intersection of School Street and Lanakila Avenue, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being 1084.13 feet South and 358.76 feet West, thence running by azimuths measured clockwise from True South:

1. 151° 52' 40" 4.77 feet along the northeasterly side of School Street;
2. Thence along the remainder of Former Lanakila Emergency Homes on a curve to the left with a radius of 20.00 feet, the chord azimuth and distance being: 288° 13' 50" 41.41 feet;
3. 69° 35' 4.41 feet along the northwesterly side of Lanakila Avenue;
4. Thence along the remainder of Former Lanakila Emergency Homes on a curve to the right with a radius of 25.00 feet; the chord azimuth and distance being: 108° 13' 50" 34.51 feet to the point of beginning and containing an Area of 53 square feet.

SUBJECT, HOWEVER, to Kapalama Drainage Ditch as show on Former Lanakila Emergency Homes C.S.F. 25,734.

ATTACHMENT B

Hawaiian Electric Company Right-Of-Entry Agreement

Forthcoming

ATTACHMENT C

Hawaiian Electric Company Grant of Non-Exclusive Easement

Forthcoming

FOR ACTION
As Amended, 9/11/25

MOTION: To: **(1)** Declare the Hawaii Public Housing Authority's ("Authority") Participation in the Partnership Agreement, the Disposition and Development Agreement, and Phase 1 of the Kuhio Park ~~[Terrace]~~ Low Rises Redevelopment Project ("Project") all Fulfill a Public Purpose as Required by HRS § 356D-12.5(a)(1); **(2)** Approve the Form of the Amended and Restated Agreement of Limited Partnership for the Project, Submitted to the Authority on August 25, 2025, with Modifications Limited to Typographical or Clerical Corrections, or Non-Substantive Changes that Will Not Affect the Rights of the Authority or Impact the Affordability of the Project Subject to Approval by the Executive Director; and **(3)** Authorize and Direct the Executive Director to Approve the Final Plans and Specifications for the Kuhio Park Low Rises Redevelopment Project Phase 1 on Behalf of the Board

I. FACTS

- A. HRS § 356D-12.5(a) authorizes the Authority to develop any housing project under HRS §§ 356D-11 and 12 in partnership or under a development agreement with a private party, as long as, at a minimum, the partnership or development agreement provides for a determination that the partnership or development agreement is for a public purpose; and final approval by the Authority of the plans and specifications for the housing project.
- B. On June 19, 2025, the Board of Directors (1) Authorized the Executive Director to Take Any and All Steps Necessary to Execute, Deliver, and Accept the Delivery of Documents, Agreements and Instruments as Necessary to Effectuate the Purpose and Intent of the Kuhio Park Low Rises Redevelopment and any Development instruments, on such Terms and Conditions as Determined by the Executive Director, in Consultation with HPHA's General Counsel, to be in the Best Interests of HPHA; (2) Authorized the Executive Director to Make Changes, When Necessary, to the Kuhio Park Low Rises Phase 1 Documents in Consultation with HPHA's General Counsel and to Execute the Documents when Finalized in the Best Interests of the HPHA; and (3) Require the Executive Director to Provide Reports to the Board of Directors Regarding Execution of Documents Executed under the Aforementioned Delegation.

- C. In reviewing the various documents and preparing local counsel opinions, as required, it was noted that the specific requirements contained in HRS § 356D-12.5(a) have not been explicitly complied with through prior For Actions.
- D. The June 19, 2025 For Action provided that the Partnership Agreement would be subject to review and approval of the Authority. The Authority has not reviewed and approved the Partnership Agreement.
- E. This For Action has been brought to remedy the above oversights.

II. DISCUSSION

- A. The Authority and KPLR Phase 1, LP, a Hawai'i limited partnership ("Developer") entered into the Disposition and Development Agreement ("DDA") on May 2, 2025, for Phase I of the Kuhio Park Low Rises Redevelopment Project ("Project"). Attachment A.
- B. The Phase I documents for the financing and to start construction have been drafted and/or reviewed by the Authority, the Department of the Attorney General, HPHA's consultants, and HPHA's outside general counsel ("HPHA Team") and have been shared with the Developer, Developer's counsel, Investors, Lenders, the City, and all of their counsel and, after negotiations, are in near final form.
- C. The ground lease, memorandum of ground lease, partial release of declaration of trust, HUD use agreement, and HUD disposition agreement have been submitted to HUD per the requirements of the HUD disposition approval letter issued on August 12, 2024, and amended on June 18, 2025, and received HUD's approval as evidenced by an approval letter issued on August 26, 2025. HUD's local representative is expected to execute the partial release of declaration of trust and HUD disposition agreement on Friday, September 5, 2025.
- D. The purpose of the DDA is to carry out the mandate of the Master Development Agreement to revitalize and redevelop public housing. Redevelopment of Phase I will result in 302 new Rent-Restricted units, of which 65 will be available for returning relocated tenants from the Kuhio Park Low Rises buildings that were demolished to allow for the redevelopment contemplated in the DDA. Redevelopment of public housing to allow for additional affordable rental units while preserving the previous public housing units is declared to be a public purpose.
- E. In carrying out the revitalization and redevelopment of the public housing at Kuhio Park Low Rises, it was necessary for the Authority to partner with

Developer and investors to finance the construction and operation of the Project. As allowed by HRS §§ 356D-11, -12, and -12.5 the Authority has partnered, as a class b limited partner, in the partnership that will be undertaking the development of the Kuhio Park Low Rises Phase I Project. A copy of the latest version of the Amended and Restated Agreement of Limited Partnership (“Partnership Agreement”) is attached as Attachment B. This Partnership Agreement is still being negotiated but the attached reflects the substantial terms. Expected further modifications should be limited to typographical or clerical corrections, or non-substantive changes that will not affect the rights of the Authority or impact the affordability of the Project. All changes will be subject to approval by the Executive Director in consultation with the Authority’s general counsel.

- F. Final Plans and Specifications have been submitted to the Authority for approval. The Final Plans and Specifications have been reviewed by the HPHA, and they have been found to be consistent with the prior presentations and renderings for the Project. It is recommended that the Board delegate authority to the Executive Director to approve the Final Plans and Specifications.

(End of Section)

III. RECOMMENDATION

That the Board of Directors: **(1)** Declare the Hawaii Public Housing Authority's ("Authority") Participation in the Partnership Agreement, the Disposition and Development Agreement, and Phase 1 of the Kuhio Park [~~Terrace~~] Low Rises Redevelopment Project ("Project") all Fulfill a Public Purpose as Required by HRS § 356D-12.5(a)(1); **(2)** Approve the Form of the Amended and Restated Agreement of Limited Partnership for the Project, Submitted to the Authority on August 25, 2025, with Modifications Limited to Typographical or Clerical Corrections, or Non-Substantive Changes that Will Not Affect the Rights of the Authority or Impact the Affordability of the Project Subject to Approval by the Executive Director; and **(3)** Authorize and Direct the Executive Director to Approve the Final Plans and Specifications for the Kuhio Park Low Rises Redevelopment Project Phase 1 on Behalf of the Board

Attachment A: Disposition and Development Agreement (Final)
Attachment B: Amended and Restated Agreement of Limited Partnership (Draft)

Approved by the Board of Directors
on the date set forth above
[] As Presented [X] As Amended



Robert J. Hall
Chairperson

Attachment A

DISPOSITION AND DEVELOPMENT AGREEMENT

for

**REDEVELOPMENT OF
KUHIO PARK TERRACE LOW-RISE – PHASE I**

by and among

HAWAII PUBLIC HOUSING AUTHORITY,

And

KPLR PHASE 1, LP

TABLE OF CONTENTS

RECITALS.....	4
ARTICLE I: DEFINITIONS	6
Section 1.1 Definitions.....	6
ARTICLE II: THE PROJECT.....	13
Section 2.1 Scope of Development.....	13
Section 2.2 Ownership Structure.	13
Section 2.3 Financing.....	14
Section 2.4 The Developer’s Designation	14
Section 2.5 Affordability Requirements	14
Section 2.6 The Authority’s Commitments	14
ARTICLE III: CONDITIONS PRECEDENT TO PERFORMANCE AT THE CLOSING	16
Section 3.1 Mutual Conditions Precedent to the Closing	16
Section 3.2 Conditions Precedent to the Authority’s Performance at the Closing	18
Section 3.3 Conditions Precedent to the Developer’s and the Owner’s Performance at the Closing	20
Section 3.4 Delivery of Site.	22
Section 3.5 Conditions of Title.	23
Section 3.6 Title Insurance to be Issued at the Closing	23
ARTICLE IV: FINANCING ARRANGEMENTS	24
Section 4.1 Financing Plan and Financial Commitments	24
Section 4.2 Intentionally Omitted.	25
Section 4.3 Financing for the Development.	25
Section 4.4 Amounts to be Paid to the Developer.	26
ARTICLE V: DESIGN.....	27
Section 5.1 Design in Conformance with Scope of Development and Concept Plan	27
Section 5.2 Design Documents.....	27
Section 5.3 Submittal and Review of Design Development Documents.....	27
Section 5.4 The Project’s Approvals	28
Section 5.5 Reserved.....	28
Section 5.6 Approval Process	28
Section 5.7 No Change in Design Documents.....	28
Section 5.8 Submittal and Review of Construction Contract	28
Section 5.9 Additional Permits and Approvals.....	29
Section 5.10 The Authority’s Review.....	29
Section 5.11 Accessibility Requirements	29
ARTICLE VI: CONSTRUCTION.....	29
Section 6.1 Commencement of Construction	29
Section 6.2 Completion of Construction.....	29
Section 6.3 Construction Pursuant to Plans.	30
Section 6.4 Construction Bonds.....	30
Section 6.5 Compliance with Applicable Law	30
Section 6.6 Non-Discrimination; Equal Opportunity; Section 3 Compliance	30
Section 6.7 Equal Opportunity/Non-Discrimination in Employment and Contracting Procedures, Including Utilization of Minority and Women Businesses	32
Section 6.8 Prevailing Wages	32

Section 6.9	Progress Reports	32
Section 6.10	Entry by the Authority	32
Section 6.11	Hazardous Materials.....	33
Section 6.12	AS-IS Conveyance.....	35
Section 6.13	City and Other Governmental Authority Permits	36
Section 6.14	Planning/Zoning Approvals for the Project Site.....	36
Section 6.15	Environmental Measures	36
ARTICLE VII: OWNERSHIP, OPERATION AND DISPOSITION OF RENTAL DEVELOPMENT		36
Section 7.1	Ownership	36
Section 7.2	Property and Asset Management	36
Section 7.3	Approval of Operating Budgets; Financial Statements; Books and Records	37
Section 7.4	Purchase Option and Right of First Refusal	37
ARTICLE VIII: OBLIGATIONS THAT CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION; ASSIGNMENT AND TRANSFERS.....		38
Section 8.1	Maintenance.....	38
Section 8.2	Non-Discrimination	38
Section 8.3	Mandatory Language in All Subsequent Deeds, Leases, and Contracts.....	38
Section 8.4	Employment Opportunity	39
Section 8.5	Transfer.	39
Section 8.6	Encumbrance of Property	40
ARTICLE IX: INSURANCE.....		40
Section 9.1	The Developer or the Owner.....	40
ARTICLE X: TERMINATION FOR CAUSE.....		41
Section 10.1	Events of Default by the Developer or the Owner.	41
Section 10.2	Events of Default by the Authority.	42
Section 10.3	Procedure for Termination For Cause/Remedies.	43
ARTICLE XI: REPRESENTATIONS AND WARRANTIES		44
Section 11.1	The Developer's Warranty of Good Standing and Authority.....	44
Section 11.2	The Authority's Warranty of Good Standing and Authority	45
ARTICLE XII MISCELLANEOUS		45
Section 12.1	Term.....	45
Section 12.2	Decision Standards.....	45
Section 12.3	Notices.....	45
Section 12.4	Time of Performance	47
Section 12.5	Amendment.....	47
Section 12.6	Litigation and Attorneys' Fees.....	47
Section 12.7	The Authority Approvals.	47
Section 12.8	Representatives.....	47
Section 12.9	Further Assurances.....	48
Section 12.10	Counterparts	48
Section 12.11	Interpretation and Governing Law.....	48
Section 12.12	Severability	48
Section 12.13	Final Agreement.....	49
Section 12.14	Limitation of Liability.....	49
Section 12.15	The Developer Not an Agent	49
Section 12.16	Conflict of Interest.....	49
Section 12.17	Waivers.	49

Section 12.18 Successors	49
Section 12.19 Headings; Exhibits	49
Section 12.20 Construction	49
Section 12.21 Cumulative Rights	50
Section 12.22 Business Licenses	50
 EXHIBIT A PROJECT SITE DESCRIPTION	 53
EXHIBIT A (continued) MAP OF PROJECT SITE.....	54
EXHIBIT B SCOPE OF DEVELOPMENT.....	55
EXHIBIT C SCHEDULE OF PERFORMANCE	56
EXHIBIT D CONCEPT PLAN	57
EXHIBIT E FINANCING PLAN.....	58
EXHIBIT F GROUND LEASE	59
EXHIBIT G OCCUPANCY AND TENANT SELECTION PLAN	60
EXHIBIT H RESERVED.....	61
EXHIBIT I RESERVED.	62
EXHIBIT J PERFORMANCE AND COMPLETION GUARANTY	63
EXHIBIT K RESERVED.....	64
EXHIBIT L ENVIRONMENTAL MEASURES	65
EXHIBIT M RELOCATION PLAN	66

DISPOSITION AND DEVELOPMENT AGREEMENT

This **DISPOSITION AND DEVELOPMENT AGREEMENT FOR REDEVELOPMENT OF KUHIO PARK TERRACE LOW-RISE – PHASE I** (this “**Agreement**”) is entered into and effective as of May 2, 2025 (the “**Effective Date**”) by and among **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawai‘i, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise (the “**Authority**”), **KPLR Phase 1, LP**, a Hawaii limited partnership, (referred to herein as the “**Master Developer**,” “**Developer**,” or “**Owner**”). The Authority and the Developer/Owner are collectively referred to herein as the “**Parties**.”

RECITALS HEREOF

A. These Recitals hereof refer to and utilize certain capitalized terms that are defined in Section 1.1 hereof. The Parties intend to refer to those definitions in connection with their use in these Recitals hereof. Any capitalized term that is used, but not otherwise defined in this Agreement, shall have the meaning given in the Master Development Agreement (as such term is defined herein).

B. On April 1, 2009, HPHA issued “RFP OED-2009-15 Request for Proposals to Revitalize and Redevelop Kuhio Park Terrace and Kuhio Homes. Thereafter, HPHA and The Michaels Development Company I, L.P. (“Michaels” or “MDC”) entered into a Master Development Agreement dated as of May 2011 (the “**Original MDA**”) covering the redevelopment of certain real property in the City and County of Honolulu, State of Hawaii owned by HPHA and more commonly known as the Kuhio Park Terrace and Kuhio Homes property (the “**Kuhio Park Master Project**”).

C. Under the Original MDA, MDC and HPHA completed the redevelopment of a portion of the Kuhio Park Master Project that included approximately 555 residential units in 2 high-rise buildings and related amenities, more commonly known as the Kuhio Park Towers (the “**KPT Towers Phase**”).

D. Thereafter, HPHA and MDC entered into that certain Amended and Restated Master Development Agreement dated July 8, 2020 (the “**MDA**”), which updated and amended the Original MDA to cover redevelopment of the remaining portion of the Kuhio Park Master Project, including parcels that currently contain approximately 174 dwelling units in multiple low-rise buildings (the “**Low-Rise Site**”) and an adjacent parcel that currently contains a community center and baseball field (the “**Additional Site**”) (the Low-Rise Site and the Additional Site, collectively, the “**Property**”, and the redevelopment thereof collectively, the “**Project**”). The Project is intended to be financed and constructed in 2 or more phases (each a “**Phase**”).

E. Pursuant to the MDA, Michaels, with the cooperation and support of HPHA, has undertaken substantial predevelopment activities, including site investigation, planning, design, permitting, 201H exemptions, financing, tax credits and approvals, for the redevelopment of the Property and Project.

F. Michaels and HPHA have mutually agreed that it is in the best interests of the Property and Project for Michaels to transfer the redevelopment of the Property and Project to KPLR Phase 1, LP.

G. KPLR Phase 1, LP desires to undertake the redevelopment of the Property and Project.

H. The Master Development Agreement contemplates the revitalization and redevelopment of (i) one hundred seventy-four (174) units of federally subsidized low-income public housing situated on approximately 2.998 acres and (ii) 6.4 acres zoned P-2 (TMK# (1) 3-039-007-000) currently improved with a recently developed community center and a baseball field, more particularly described in Exhibit A-3 of the Master Development Agreement (collectively, the “**Property**”), to consist of a minimum of four hundred sixty-nine (469) residential units and related site improvements and amenities.

I. Under the Master Development Agreement, the Master Developer will redevelop the Property in up to ten (10) phases (each, a “**Development Phase**”) with each Development Phase owned and developed pursuant to the terms of a disposition and development agreement and ground lease between the Authority and a Hawaii limited partnership or limited liability company formed by the Master Developer. This Agreement governs the second Development Phase (the “**Project**”) to be constructed on a portion of the Property described and depicted in Exhibit A attached hereto (the “**Project Site**”) by the Developer. The description attached as Exhibit A may be removed and replaced with a metes and bounds or other legal description for the Project Site mutually acceptable to the Parties prior to the Closing.

J. The Project will consist of three hundred four (304) residential units (the “**Units**”). Of the Units, three hundred two (302) will be LIHTC units and two (2) will be managerial units as described with more particularity in the Scope of Development and Site Plan attached hereto as Exhibit B. A total of sixty-five (65) of the Units in Phase I will be non-Rental Assistance Demonstration (“**RAD**”) program Section 8 Project-Based Voucher units (the “**PBV Units**”) subsidized pursuant to a non-RAD Section 8 Project-Based Voucher Housing Assistance Payments Contract (the “**HAP Contract**”). At the Closing (as such term is defined herein), the Authority, as contract administrator for the U.S. Department of Housing and Urban Development (“**HUD**”), will enter into an Agreement to Enter Into a Housing Assistance Payments Contract (the “**AHAP**”) with the Owner. The PBV Units shall be operated in accordance with all federal statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, executive order requirements, the Authority’s Section 8 Administrative Plan, and Hawaii Administrative Rules chapter 17-2031, each as may be amended from time to time (the “**PBV Requirements**”). The HAP Contract will have a term of not less than twenty (20) years.

K. To facilitate the Project, this Agreement provides that upon satisfaction of specified conditions, (i) the Authority will convey a leasehold interest in the Project Site under a ground lease to the Owner; (ii) the Owner will own and operate the Project, and will lease the Rent-Restricted Units at the Project to income-qualified tenants at affordable rents pursuant to the requirements of this Agreement, the Ground Lease, and other applicable financing programs; and

(iii) subject to the rights of any leasehold mortgagee permitted in accordance with the terms of the Ground Lease, pursuant to the terms, conditions and limitations specified in Section 7.4 hereof, the Authority will have a Purchase Option and Right of First Refusal to purchase the Project and all interests in the Owner after the Tax Credit Compliance Period.

L. The Authority and the Developer desire to enter into this Agreement to set forth their respective rights and obligations with respect to the above-described matters.

In consideration of the foregoing Recitals hereof and underlying promises, which the Parties agree are good and valuable consideration, the Parties agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below.

(a) “**Act**” means the United States Housing Act of 1937 (42 U.S.C. § 1437, *et seq.*), as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.

(b) “**Affiliate**” means, for the Developer, (i) any entity providing services for the Project whose management and operation is controlled by the Developer; (ii) any entity providing services for the Project in which an entity described in (i) has a controlling interest; (iii) any entity providing services for the Project a majority of whose voting equity is owned by the Developer, or for which the Developer serves as the managing member or general partner; or (iv) any entity in which, or with which, the Developer, its successors or assigns, is merged or consolidated, under applicable statutory provisions for merger or consolidation; provided that, the liabilities of the entities participating in such merger or consolidation are assumed by the entity surviving such merger or created by such consolidation.

(c) “**Agreement**” has the meaning given in the Preamble hereof.

(d) “**AHAP**” has the meaning given in the Recitals hereof.

(e) “**Architect**” means Lowney Architecture or any successor approved by the Authority.

(f) “**Authority**” has the meaning given in the Preamble hereof.

(g) “**Authority Asset Management Fee**” has the meaning given in Section 7.2 hereof.

(h) “**Authority Board**” means the Board of Directors of the Authority.

(i) “**Authority Indemnitees**” has the meaning given in Section 6.11(b) hereof.

(j) “**Authority Member**” has the meaning given in Section 2.2(b) hereof.

- (k) “**Base Rent**” has the meaning given in Section 2.6(c) hereof.
- (l) “**Base Rent Transition Date**” has the meaning given in Section 2.6(c) hereof.
- (m) “**Certificate of Occupancy**” means the certificate issued by the City authorizing occupancy of the Project.
- (n) “**City**” means the City and County of Honolulu, State of Hawai‘i.
- (o) “**Claims**” has the meaning given in Section 2.2(c) hereof.
- (p) “**Closing**” means the close of escrow for conveyance of a leasehold interest in the Project Site by the Authority to the Owner, pursuant to the applicable Ground Lease and Article III hereof, and the execution of the documents to finance the construction of the Project. Notwithstanding anything to the contrary contained herein, Closing is anticipated to occur by July 31, 2025 and no later than September 30, 2025 unless such date is otherwise extended by the Parties in writing.
- (q) “**Closing Documents**” has the meaning given in Section 3.1(i) hereof.
- (r) “**Code**” means the Internal Revenue Code of 1986, as amended.
- (s) “**Concept Plan**” means the conceptual rendering of the improvements to be constructed as part of the Project attached hereto as Exhibit D, as the Parties may revise from time to time.
- (t) “**Construction Documents**” shall include, or incorporate as they come into existence, for the Project: (a) the construction contract(s) and the general, special, and supplemental conditions to such contract(s) and (b) the plans and specifications (“**Plans and Specifications**”).
- (u) “**Contractor**” means any person or entity, including consultants, who performs services in connection with the Project or supplies labor, materials, or equipment for use in connection with the Project, other than the Master Developer, any General Contractor, or any Affiliate of the General Contractor.
- (v) “**CPR**” has the meaning given in Section 3.2(v) hereof.
- (w) “**DCAB**” means the State of Hawai‘i Department of Health’s Disability and Communication Access Board.
- (x) “**Design Documents**” has the meaning given in Section 5.2 hereof.
- (y) “**Developer**” has the meaning given in the Preamble hereof.

- (z) **“Developer Fee”** is defined in Section 4.4(a) hereof.
- (aa) **“Development Contingencies”** shall have the meaning provided in Section 3.1 hereof.
- (bb) **“Development Phase”** has the meaning given in the Recitals hereof.
- (cc) **“Environmental Conditions”** means environmental conditions, including the presence of Hazardous Materials, geologic conditions, soils conditions, and water conditions.
- (dd) **“Environmental Measures”** has the meaning given in Section 6.16 hereof.
- (ee) **“Event of Default”** shall have the meaning set forth in Section 10.1 hereof with respect to the Developer and the meaning set forth in Section 10.2 hereof with respect to the Authority hereof.
- (ff) **“Financing Documents”** has the meaning given in Section 3.2(f) hereof.
- (gg) **“Financing Plan”** means the plan for financing the Project, including the development budget for the Project and sources and uses analysis, as further detailed in Section 4.1 hereof and attached hereto as Exhibit E, as such may be amended by mutual agreement of the Parties from time to time.
- (hh) **“Fiscal Year”** has the meaning given in Section 7.3 hereof.
- (ii) **“Gross Rental Income”** means the gross rental income derived from the Project.
- (jj) **“Ground Lease”** means the ground lease for the Project Site to be executed and delivered in conjunction with the Closing for the Project. The Ground Lease shall be in substantially the form set forth in Exhibit F hereof; provided, however that the Parties acknowledge that the Owner’s lenders and/or equity investors may request modifications to the form of Ground Lease prior to the Closing. The Ground Lease will be for a term of sixty-five (65) years and be treated as an operating lease for tax accounting purposes.
- (kk) **“Guarantor”** means the Master Developer or, subject to written approval by the Authority, an affiliate of the Master Developer.
- (ll) **“HAP Contract”** has the meaning given in the Recitals hereof.
- (mm) **“Hazardous Materials”** means, without limitation, “hazardous substances” as defined by CERCLA; “hazardous wastes” as defined by RCRA; any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance (“pollutant”) within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant; petroleum crude oil or fraction thereof; any radioactive material, including any source, special nuclear or by-product material as defined in 42

U.S.C. Section 2011 *et seq.*, and amendments thereto and reauthorizations thereof; asbestos-containing materials in any form or condition; and polychlorinated biphenyls in any form or condition.

(nn) “**Hazardous Materials Laws**” means any and all applicable federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

(oo) “**HHFDC**” means the Hawaii Housing Finance and Development Corporation.

(pp) “**HUD**” has the meaning given in the Recitals hereof.

(qq) “**HUD Requirements**” means any and all applicable HUD statutes, laws, rules, regulations, notices, or requirements, including, but not, limited to the public housing requirements, the PBV Requirements, requirements of any HUD approval issue under Section 18 of the Act, HUD Safe Harbor Guidelines and the HUD General Conditions.

(rr) “**HUD Use Agreement**” shall mean any disposition agreement and/or use agreement and/or covenant running with the land required to be recorded to impose the HUD Requirements related to the disposition of the Project to the Owner.

(ss) “**Indemnification Claims**” has the meaning given in Section 6.11(b) hereof.

(tt) “**Investor Asset Management Fee**” has the meaning given in Section 7.2 hereof.

(uu) “**Investor Member**” means the entity selected by the Owner to make an equity contribution associated with the Low-Income Housing Tax Credits for the Project.

(vv) “**Low-Income Housing Tax Credit**” or “**LIHTC**” refers to the credit available

under Section 42 of the Code, or state law.

(ww) “**Management Agent**” has the meaning given in Section 7.2 hereof.

(xx) “**Management Agreement**” has the meaning given in Section 7.2 hereof.

(yy) “**Management Fee**” has the meaning given in Section 7.2 hereof.

(zz) “**Managing Member**” means Kuhio Park 2 – Michaels, LLC, a Hawaii limited liability company, the managing member of the Owner.

(aaa) “**Master Developer**” has the meaning given in the Preamble hereof.

(bbb) “**Master Development Agreement**” or “**MDA**” has the meaning given in the Recitals hereof.

(ccc) “**Master Plan**” is defined in the Master Development Agreement.

(ddd) “**Memorandum of Ground Lease**” has the meaning given in Section 2.6(a) hereof.

(eee) “**Monetary Liens**” has the meaning given in Section 3.5 hereof.

(fff) “**Multi-Phase Predevelopment Loan**” the Multi-Phase Predevelopment Loan from the Authority to the Master Developer, dated April 21, 2021

(ggg) “**Official Records**” means the official records of the State of Hawai‘i Bureau of Conveyances or the Office of Assistant Registrar of the Land Court for the State of Hawai‘i.

(hhh) “**Net Cash Flow**” shall have the meaning set forth in the Operating Agreement, subject to the approval of the Authority, and be based on the terms outlined in Section 6.5 of the MDA.

(iii) “**Operating Agreement**” means the Owner’s Amended and Restated Operating Agreement admitting the Investor Member and the Authority Member to the Owner in the form approved by the Authority.

(jjj) “**Owner**” has the meaning given in the Preamble hereof.

(kkk) “**PBV Requirements**” has the meaning given in the Recitals hereof.

(lll) “**PBV Units**” has the meaning given in the Recitals hereof.

(mmm) “**Permitted Title Exceptions**” means the following exceptions to title with respect to the Project Site: (a) applicable building and zoning laws and regulations; (b) the provisions of this Agreement; (c) the encumbrances resulting from the recordation of the Closing Documents; (d) any lien for current taxes or taxes accrued subsequent to the Closing; (e) the exceptions to title

set forth in the Title Insurance Policy approved by the Owner; (f) any other conditions or exceptions caused by the Owner; and (g) such other conditions, covenants, restrictions or easements of record as may be approved by the Owner pursuant to Section 3.5(a) hereof.

(nnn) **“Permitted Title Exceptions Date”** has the meaning given in Section 3.5 hereof.

(ooo) **“Permitted Transfer”** has the meaning given in Section 8.5 hereof.

(ppp) **“Predevelopment Costs”** has the meaning given in Section 3.1 hereof.

(qqq) **“Predevelopment Loan”** has the meaning given in Section 3.2 hereof.

(rrr) **“Project”** means the three hundred two (302) residential units, two (2) manager units, and related amenities and improvements to be constructed pursuant to this Agreement and the Ground Lease, including community facilities, and infrastructure, and may, if the context requires, refer as well to the process of planning, financing and constructing such improvements. All of the Units will be LIHTC units. Sixty-five (65) of the Units will be Project-Based Voucher assistance units.

(sss) **“Project Site”** has the meaning set forth in the Recitals hereof.

(ttt) **“Post-Foreclosure Use Restriction”** means that following foreclosure or deed in lieu of foreclosure of the Owner’s interest in the Project by any mortgagee permitted in accordance with the Ground Lease, that the Units at the Project must be reserved for occupancy by families at or below eighty percent (80%) of AMI.

(uuu) **“Purchase Options”** means the option described in Section 7.4 hereof.

(vvv) **“Purchase Option and Right of First Refusal Agreements”** has the meaning given in Section 7.4 hereof.

(www) **“RAD”** has the meaning given in the Recitals hereof.

(xxx) **“Redevelopment Site”** has the meaning given in the Recitals hereof.

(yyy) **“Regulatory Agreements”** means, collectively, as applicable, (i) any regulatory agreement to be entered into by the Developer and/or the Owner with HHDFC in connection with the use of Low-Income Housing Tax Credits for the initial construction of the Project (ii) any regulatory agreement entered into by the Developer and/or the Owner with the issuer of tax-exempt financing for the Project (iii) any regulatory agreement entered into for the Project under the HUD Requirements.

(zzz) **“Relocation Plan”** means the plan developed by the Owner and approved by the Authority to guide the relocation of the Project pursuant to all applicable laws and regulations attached hereto as Exhibit M.

(aaaa) “**Rent Restricted**” means that the gross rent with respect to the residential units in the Project shall not exceed the lowest of: (a) thirty percent (30%) of the imputed income limitation applicable to such Units as calculated pursuant to Section 42(g)(2) of the Code, (b) the rents permitted pursuant to the Regulatory Agreements.

(bbbb) “**Right of First Refusal**” has the meaning given in Section 7.4 hereof.

(cccc) “**RFP**” has the meaning given in the Recitals hereof.

(dddd) “**Schedule of Performance**” means the summary schedule of actions to be taken by the Parties pursuant to this Agreement attached hereto as Exhibit C with specific major milestone deadlines, as it may be amended by mutual agreement of the Parties from time to time.

(eeee) “**Scope of Development**” means the description of the basic physical characteristics of the Project, including a basic site plan, which will serve as the basis for the Developer’s application for City approvals and for the preparation of the Construction Documents. The Scope of Development is attached hereto as Exhibit B, as the Parties may revise from time to time.

(ffff) “**Section 3**” means Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, and its implementing regulations at 24 CFR Part 135.

(gggg) “**Tax Credit Compliance Period**” means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Code starting with the first year of the credit period.

(hhhh) “**Transfer**” has the meaning given in Section 8.5 hereof.

(iiii) “**Title Company**” has the meaning given in Section 3.4 hereof.

(jjjj) “**Title Insurance Policy**” has the meaning given in Section 3.6 hereof.

(kkkk) “**Units**” has the meaning given in the Recitals hereof.

(llll) “**Work**” is the total construction of the Project as described in the Construction Documents.

Section 1.2 List of Exhibits. The following exhibits are attached hereto and incorporated into this Agreement by this reference:

Exhibit A	The Project Site Description
Exhibit B	Scope of Development
Exhibit C	Schedule of Performance
Exhibit D	Concept Plan
Exhibit E	Financing Plan
Exhibit F	Ground Lease
Exhibit G	Occupancy and Tenant Selection Plan

Exhibit H	Reserved
Exhibit I	Reserved
Exhibit J	Performance and Completion Guaranty
Exhibit K	Reserved
Exhibit L	Environmental Measures
Exhibit M	Relocation Plan

ARTICLE II: THE PROJECT

Section 2.1 Scope of Development. As more fully described in the Scope of Development attached hereto as Exhibit B agreed to by both Parties, the Project will consist of the construction on the Project Site of (i) three hundred four (304) Units of which three hundred two (302) shall be Rent Restricted, (ii) and two (2) will be resident manager units. The preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. Public Housing, PBV or unrestricted) are described in Exhibit B hereof.

Section 2.2 Ownership Structure.

(a) Upon satisfaction of the conditions specified in Article III hereof, the Authority will lease the Project Site to the Owner pursuant to the Ground Lease. Subject to any legal obligations the Authority must fulfill as the current fee simple owner of the Project Site, and under this Agreement (including Section 2.6(a) hereof, the Developer shall be responsible for obtaining all necessary Land Use Entitlements (as defined in the Master Development Agreement) for the development of the Project Site, which approvals shall be obtained prior to the commencement of the term of the Ground Lease. The Authority agrees to cooperate fully with the Developer's efforts to obtain such Land Use Entitlements.

(b) In connection with the Closing for the Project, the Developer will enter into the Partnership Agreement to evidence the admission of the Investor, that will then own the principal equity interest in the Partnership. An affiliate of the Authority will serve as a special limited partner in the Partnership, unless the Authority is granted the ability to enter the Partnership as a General Partner prior to the close of construction financing. The Partnership Agreement shall be subject to the review and approval of the Authority, pursuant to Section 4.1(b).

(c) As a condition to the Closing for the Project, the Owner shall indemnify, defend and hold the Authority, and the respective board members, commissioners, directors, elected and appointed officers and officials, employees, agents, and contractors, harmless from and against all claims, losses, actions, demands, costs, expenses and attorney's fees (all of the foregoing, "**Claims**"), arising out of, attributable to or otherwise occasioned in whole or in part by the Owner, its agents, contractor's servants or employees, which constitute a breach of the Owner's obligations under this Agreement. If any party performing work for the Owner on the Project shall assert any claim against the Authority on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of the Owner, its agents, servants, employees or contractors (including, without limitation, its general construction contractor for the Project), the Owner shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Authority shall be allowed, the Owner shall pay or satisfy such judgment or claim

and pay all reasonable costs and expenses in connection therewith including reasonable attorneys' fees. The obligations, indemnities, and liabilities of the Owner under this Section 2.2(c) shall not extend to any liability caused by the negligence or misconduct of the Authority or their employees, contractors, or agents. The foregoing indemnity shall also not apply to Claims arising from breach of the Operating Agreement, this Agreement or any of the Closing Documents or inaction by the Developer or the Owner.

Section 2.3 Financing. The Project's preliminary development budget is included in the Financing Plan attached hereto as Exhibit E. The Parties recognize that financial needs may arise which require budget revisions so that the Project may be accomplished, and the Parties will consider and pursue such revisions in good faith. The Developer shall use commercially reasonable efforts to obtain on Owner's behalf all financing required for the development of the Project. The Authority has no obligation to provide any financing for the construction or operation of the Project, except as expressly set forth herein. There shall be no lien or encumbrance on the Authority's fee interest in the Project Site except as required under the HUD Requirements, if applicable. Without limiting the generality of the foregoing, in no event shall the Authority's fee interest in the Project Site be encumbered by a mortgage or other security interest.

Section 2.4 The Developer's Designation. Subject to events of Force Majeure as defined in Section 10.1(b) hereof, the Developer will implement the Project in substantial accordance with the Schedule of Performance attached hereto as Exhibit C. The Developer and the Owner will develop the Project in the Owner's own name and for its own account, and not as agent or contractor of the Authority.

Section 2.5 Affordability Requirements. The Parties anticipate that two (2) of the Units will be manager units, and the Rent Restricted Units will be subject to occupancy and affordability restrictions imposed by the Regulatory Agreements and may be subject to restrictions applicable to other financing sources including those required as a condition to the disposition of the Project Site, other statutory or regulatory restrictions, or the agreements of the Parties. Pursuant to the Ground Lease, following foreclosure or deed in lieu of foreclosure of the Owner's interest in the Project by any mortgagee permitted in accordance with the terms of the Ground Lease, the Project shall thereafter be subject to Post-Foreclosure Use Restrictions and restricted for occupancy by households whose gross household income does not exceed eighty percent (80%) of Area Median Income for the County, adjusted for actual household size in accordance with all applicable restrictive covenants and regulatory requirements. This requirement shall be included in the Ground Lease, and subject to the requirements of all lenders and the Investor Member shall not be subordinated, and shall survive the foreclosure of any mortgage, deed of trust or other lien recorded against the Project or the Project Site.

Section 2.6 The Authority's Commitments. Upon the performance by the Developer of all its prior obligations with respect to the Project, as set forth herein, and upon such HUD approvals as may be required, the Authority shall take the following actions and execute and deliver such documents as are required to complete the Closing. At the Closing for the Project, the Owner shall reimburse the Authority for its actual out-of-pocket legal and consultant costs related to the negotiation of this Agreement, the Ground Lease and HUD approvals, as set forth in Section 3.1 hereof.

(a) *Site Conveyance.* Upon the Closing, the Authority will lease the Project Site pursuant to Section 3.4 hereof to the Owner pursuant to the Ground Lease which will be in substantially the same form as attached hereto as Exhibit E, which will have been negotiated and executed. The Ground Lease will provide for, without limitation, subject to final requirements of lenders and investors and HUD approval, as applicable, a term of not less than sixty-five (65) years. A memorandum evidencing the Ground Lease substantially in the form attached hereto as Exhibit E (the “**Memorandum of Ground Lease**”), will be recorded in the Official Records at the Closing for the Project prior to all financing documents. The Memorandum of Ground Lease will be subordinate to any Regulatory Agreement required under the HUD Requirements.

(b) *Permission to Enter the Property.* The Authority shall permit the Developer and the Owner, their contractors and agents to enter the Project Site prior to the Close of Escrow solely for purposes consistent with this Agreement; provided that, the Developer indemnifies the Authority Indemnitees against any liability arising in connection with such entry as set forth in Section 3.1 (a) below.

(c) *Ground Lease Payments.* The Parties agree to structure the Ground Lease as an operating lease for tax accounting purposes. During the Term, annual base rent (“**Base Rent**”) shall be \$293,560.00 per annum, increasing annually at the rate of two percent (2%), beginning the year following the Completion Date and continuing for the remainder of the term of the Ground Lease (“**Ground Lease Term**”), from seventy-five (75%) percent of the then available cash flow after payments of certain priority items as set forth, and in the manner and priority as set forth in the Operating Agreement. To the extent that available cash flow is insufficient to pay annual payments of the Base Rent, such unpaid amount shall accrue and be due and payable with the subsequent installment of the Base Rent. Any Base Rent for which there is insufficient cash flow available in any given year (“**Accrued Base Rent**”) shall be deferred to the following year and be paid from subsequent years’ cash flow (in the same priority) until paid in full and such amounts shall bear interest at the then existing long-term Applicable Federal Rate (as such term is defined in Section 1274(d) of the Code) (“**Applicable Interest Rate**”). Any Accrued Base Rent must be paid in full, in all events, on the earlier of (a) the “**Base Rent Transition Date**” which will be the later of [forty-two] years from the Commencement Date, (b) upon a sale, lease, assignment, mortgage, pledge, hypothecation or other transfer of all, or any portion, of the Demised Premises, or (c) the actual “Maturity Date” of any then-existing senior debt encumbering the Demised Premises. In the case of a sale or refinancing of the Project, the Owner shall pay the Accrued Base Rent in accordance with the Operating Agreement. After the Base Rent Transition Date, the Base Rent must be paid annually, in arrears, without regard to the availability of net cash flow. Base Rent and Accrued Base Rent are subordinate to the amounts due under the Leasehold Mortgages. On the sixteenth (16) year of the Ground Lease Term, and on each successive fifteen (15) year period thereafter, as such period may be determined by Landlord (each of which shall be a “**Rent Adjustment Date**”), the Base Rent shall be reopened and redetermined to reflect the fair market value of the Demised Premises as determined by a disinterested appraiser whose services shall be contracted by Lessor; provided, however, that the reset Base Rent shall never be less than the prior year’s rental amount

ARTICLE III: CONDITIONS PRECEDENT TO PERFORMANCE AT THE CLOSING

Section 3.1 Mutual Conditions Precedent to the Closing. The Parties' ability to perform responsibilities hereunder is substantially contingent upon actions by third parties over which the Developer and the Authority have limited control, upon factual circumstances which cannot be fully determined as of the date of this Agreement, and upon the negotiation of additional agreements (collectively, the "**Development Contingencies**"). The following Development Contingencies are conditions precedent to the obligations of both Parties to close escrow for the Project under Section 3.4 hereof:

(a) *Site Investigation; Due Diligence Investigation*. As set forth in the Schedule of Performance, the Developer and the Owner may make such investigations regarding the Project Site (including but not limited to Environmental Conditions on or about the Project Site as the Developer deems appropriate). From and after the Effective Date until the Closing or earlier termination of this Agreement, the Authority shall afford authorized representatives of the Developer and the Owner and their agents access to the Project Site for purposes of satisfying the Developer with respect to the condition of the Project Site and with respect to satisfaction of any conditions precedent contained herein, including, without limitation, site inspections and engineering and environmental surveys. The Developer shall indemnify, defend and hold harmless the Authority Indemnitees from and against any Claims arising in connection with physical damage to the property or other damage or injury to persons or property which results from the Developer's investigations except to the extent arising from the Authority's gross negligence or willful misconduct or for the discovery of pre-existing conditions (which indemnity and defense obligations shall survive the expiration or earlier termination of this Agreement).

(b) *Ground Lease*. The Ground Lease and the Memorandum of Ground Lease required by Section 2.6(a) hereof and in substantially the form attached hereto as Exhibit F shall have been executed by the Authority and the Owner.

(c) *Financing Plan*. The Developer and Authority have agreed upon the Financing Plan attached hereto as Exhibit E and any amendments thereto in accordance with Sections 2.4(c) of the Master Development Agreement.

(d) *Guaranty*. The form of guaranty in substantially the form attached hereto as Exhibit J shall have been executed and delivered by the guarantors.

(e) *Additional Agreements to be Negotiated*. The following agreements (the "**Closing Documents**") shall have been negotiated for the Project in substance and form satisfactory to the Parties and executed by the respective parties thereto:

(1) Regulatory Agreements, as applicable, restricting the affordability of the Rent Restricted Units in the Project;

(2) Conventional lender loan documents for the construction and permanent financing of the Project;

(3) LIHTC and syndication documents including the Operating Agreement and the Developer guarantees to the Investor;

(4) Purchase Option and Right of First Refusal Agreement as described in Section 7.4 hereof;

(5) Property Management Agreement; and

(6) Loan documents evidencing the Rental Housing Revolving Fund (RHRF) funds, if applicable.

(f) *Tax Credit Allocation.* The Owner shall have obtained from issuing agencies such allocations of Low-Income Housing Tax Credits as will allow it to attract equity investments, which, when combined with all other sources of financing, are sufficient for the feasible development of the Project as reflected in the Financing Plan.

(g) *Funding Commitments for the Closing.* The Project shall have received commitments for all of the sources of projected assistance as enumerated in the Financing Plan attached hereto as Exhibit E, or any substitute financing obtained by the Owner and reasonably acceptable to the Authority, including but not limited to the commitments described below, and, all on terms acceptable to the Owner, at the Closing, all construction loans and funding sources necessary to begin construction shall be in a position to close concurrently with the Closing:

(1) The commitment of a LIHTC equity investment at projected or other commercially reasonable rates;

(2) The commitment of private loans and other financing sources under projected or other commercially reasonable terms and conditions;

(3) The commitment of all projected assistance or reasonable substitutions therefor, including grants, loans, and land transfers from other governmental bodies.

(h) *Environmental Review.* The Developer shall complete all required environmental reviews prior to the time of the Developer's or its Affiliate's application for LIHTC with respect to the Project, prior to the Authority Board's consideration of this Agreement and prior to the Authority's execution of the Ground Lease. As of the date of this Agreement, the Parties agree that any environmental review in accordance with Section 2.5 of the Master Development Agreement shall have been completed. The Developer shall comply with any Environmental Measures required by applicable federal, state, and local authorities and those Environmental Measures attached hereto at Exhibit L.

(i) *Other Necessary Approvals.* The Developer and/or the Owner shall have received all other necessary government approvals and permits for the Project.

(j) *Reimbursement of Predevelopment Costs.* As of the Effective Date, the Developer and the Authority have agreed to fund certain predevelopment costs in the amount of \$6,950,000

(the “**Predevelopment Costs**”). Pursuant to that certain Amended and Restated Phase-Related Predevelopment Loan Agreement effective May 16, 2024, the Authority has provided the Developer with a loan of \$ 3,475,000, which is fifty percent of the Predevelopment Costs. In addition to the Predevelopment Costs, the Developer and the Authority have and expect to have additional pre-closing costs (“**Pre-Closing Costs**”). At the Closing, the Developer will (a) repay the Authority for the Amended and Restated Phase-Related Predevelopment Loan Agreement, (b) be reimbursed by the Owner for all of the Developer’s share of Predevelopment Costs pursuant to Section 4.3(d) hereof and Pre-Closing Costs not to exceed \$1,000,000 (“**Pre-Closing Cost Limit**”), and (c) reimburse the Authority for its Pre-Closing Costs subject to the Pre-Closing Cost Limit.

Section 3.2 Conditions Precedent to the Authority’s Performance at the Closing. The following are conditions precedent to the Authority’s obligation to enter into the Ground Lease and close escrow:

(a) *No Defaults*. Neither the Developer nor the Owner shall be in material default under this Agreement, after the expiration of any notice and cure period, and shall have completed all of its material predevelopment obligations required to be completed pursuant to this Agreement prior to the Closing unless waived by the Authority.

(b) *Construction Documents*. The Developer shall have prepared, or will have seen to the preparation of, Construction Documents, including construction plans, budgets, schedules and a construction contract as provided in Article V hereof.

(c) *Permits and Approvals*. The Owner shall have obtained (in its own name or, where appropriate and with the approval of the Authority, in the name of the Authority) all licenses, easements, zoning and approvals, and all building and construction permits necessary for construction of the Project, including commitments to provide the utilities necessary for the Project to the extent lenders or Investor Member require such commitments to be in place prior to commencement of construction.

(d) Reserved.

(e) *Independent Report and Certification of Compliance with Accessibility Laws*. The Developer shall have provided the Authority with a written report from its Architect or an independent professional certifying that (i) it has reviewed the Plans and Specifications for the Project, (ii) the Plans and Specifications comply with all applicable state and federal requirements concerning accessibility including, but not limited to, Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, and (iii) stating the number and type of Units that will be accessible in accordance with applicable federal, state and local accessibility requirements, including guidelines adopted, or amended, by DCAB.

(f) *Financing Commitments and Documents*. Pursuant to Section 4.1(b) hereof, the Owner shall have provided to the Authority, for its review and approval, (a) evidence of firm financing commitments sufficient to complete the Project and (b) all legal documents required by lenders and the Investor Member for the Project as circulated to the financing participants,

including, without limitation, all loan agreements, deeds of trust, mortgages, security instruments, covenants or restrictions to be recorded, promissory notes and partnership and/or operating agreements (the “**Financing Documents**”). Such Financing Documents shall not be finalized without the Authority’s approval pursuant to Section 4.1(b) hereof.

(g) *Recording Order.* The Owner shall have submitted and the Authority shall have accepted a recording order for the Financing Documents and any use restriction or other lien or encumbrance to be filed against the Project Site.

(h) *Equity Investors.* The Owner shall have solicited Investors to join and make equity contributions to the Project as set forth in the Financing Plan. The Owner shall seek equity investment competitively so as to maximize the benefit to the Project, all factors considered, including, without limitation, the amount, timing, other terms of contribution and the totality of the Owner’s past experiences with such Investors in prior transaction similar to those contemplated herein. The Owner shall disclose to the Authority any offers which are received; shall prepare for the Authority’s review a comparative analysis of the offers; and shall give the Authority advance notice of which investor is proposed for selection. The Owner will give good faith consideration to any objections the Authority has to the selected Investor.

(i) *Payment of Predevelopment Loans.* The Developer shall have provided for the repayment from the Project financing (i) the applicable portion of the Multi-Phase Predevelopment Loan from the Authority and Master Developer, dated April 21, 2021, and (ii) the Amended and Restated Phase-Related Predevelopment Loan from the Authority to the Developer, dated May 16, 2024, as may be amended and restated, which repayment amount is estimated to be approximately \$3,475,000.00 as set forth in the Financing Plan (the “**Predevelopment Loan**”).

(j) *HUD Approvals.* The Authority shall have received all approvals required by HUD to dispose of the Project Site to the Owner.

(k) *Environmental Measures.* The Developer or the Owner shall have provided evidence of compliance with the Environmental Measures, if any, as defined in Section 6.16 hereof applicable as of the date of the Closing.

(l) *The Developer’s Guarantees.* The Guarantor shall provide the guarantees required by Section 4.3(c) hereof and in substantially the same form as attached as Exhibit J herein.

(m) *Additional Requirements.* The Developer shall have provided to the Authority proof of insurance as required by Article IX hereof, the bonds required by Section 6.4 hereof, applicable Regulatory Agreements, copies of the conventional loan and other financing documents, and such other documents and instruments as reasonably requested by the Authority.

(n) *Operating Agreement; Organizational Documents.* The Authority shall have reviewed and approved, and the Parties each shall have executed, the Operating Agreement. The Owner shall deliver to the Authority fully-executed originals of the foregoing agreement. The Owner shall have provided to the Authority certified copies of the formation and organizational documents and a good standing certificate for the Owner and the Managing Member and any other

members of the Owner.

(o) *Purchase Option and Right of First Refusal.* The Purchase Options and Right of First Refusal Agreement (as defined herein) for the Project shall have been executed.

(p) *Evidence of Compliance with MBE/WBE/DBE Policy.* The Developer has provided the Authority with satisfactory evidence that it has complied with the applicable components of the Authority's MBE/WBE/DBE Policy set forth in the Master Development Agreement.

(q) *Compliance with Davis-Bacon and Other Laws.* The Developer has included a provision in the Construction Documents to require the general construction contractor to comply with Davis-Bacon and other applicable laws concerning applicable wages and labor standards.

(r) *Evidence of Compliance with Section 3 Policy and Local Hiring Requirements.* The Developer has provided the Authority with satisfactory evidence of compliance with then applicable components of the Authority's Section 3 Policy and its local hiring and contracting plan submitted in accordance with the Master Development Agreement.

(s) *Evidence of Selection of Third-Party Contractors.* The Developer shall have provided the Authority with satisfactory evidence that the Construction Contractor and all Third-Party Contractors have been selected in accordance with Section 10.3 of the Master Development Agreement.

(t) *Capitalized Ground Lease Payment.* As applicable, the capitalized lease payment described in Section 2.6(c)(i) hereof shall have been paid and the seller promissory note for any unpaid portion of the capitalized lease payment shall have been executed and delivered to the Authority.

(u) *Final Condominium Property Regime Site Plan.* The Developer shall have caused a final Condominium Property Regime ("CPR") site plan along with any other required supporting documentation, in a form approved by the Authority, to be recorded no later than the Closing at the Developer's sole cost and expense.

The conditions set forth in this Section 3.2 shall have been satisfied as of the Closing, unless the Authority waives them in writing. If there is no waiver or satisfaction by the Closing, the Authority may terminate this Agreement upon written notice to the Developer and the Owner without further liability, except for such liability as may be provided for under any predevelopment loans or separate contracts to which the Authority and the Developer (and/or its Affiliate(s) are parties).

Section 3.3 Conditions Precedent to the Developer's and the Owner's Performance at the Closing. The following are conditions precedent to the Developer's obligation to lease the Project Site from the Authority and close escrow:

(a) *The Developer.*

- (1) *The Project Site Condition Generally.* At the Closing, there shall be no material adverse condition at the Project Site and or material adverse changes in the condition of the Project Site since the execution of this Agreement that would materially adversely interfere with the Project's development.
- (2) *Construction Documents.* The Authority shall have approved the Construction Documents required to be approved up to the time of the Closing.
- (3) *Title Insurance.* The Title Company shall be prepared to issue to the Developer all title insurance required by Section 3.6 hereof to be delivered to the Developer.
- (4) *Financing Documents.* The Authority shall have approved the Financing Documents pursuant to Section 4.1(b) hereof.
- (5) *Ground Lease.* The Ground Lease shall have been executed by the Authority and the Owner such that the Owner shall concurrently with the Closing acquire a ground leasehold estate in the Project Site.
- (6) *Government Approvals.* The Project shall have received (in its own name or, when appropriate and with the approval of the Authority, in the name of the Authority) all necessary governmental approvals and permits, including without limitation, all building and construction permits, licenses, easements, zoning and approvals necessary for the commencement of construction of the Project, including commitments to provide the utilities necessary for the Project, including any required HUD Approvals.
- (7) *The Authority's Representation and Warranties.* At the Closing, the Authority's representations and warranties set forth in Section 11.2 hereof shall be true and correct in all material aspects as if made on and as of the Closing.
- (8) *No Litigation.* No litigation or claim with any governmental entity shall have been filed and be pending which may have a material, adverse impact on the Project.
- (9) *No Authority Default.* No Event of Default on the part of the Authority shall exist and be continuing under this Agreement and the Authority shall have completed all of its material predevelopment obligations required to be completed pursuant to this Agreement prior to the Closing unless waived by the Developer.
- (10) *[Reserved].*

The conditions set forth in this Section 3.3 shall be satisfied as of the Closing, unless the Developer and the Owner waive them in writing. If there is no waiver or satisfaction by the Closing, the Developer or the Owner may terminate this Agreement upon written notice to the Authority without further liability, except for such liability as may be provided for under the Master Development Agreement, any predevelopment loans, or separate contracts pursuant to this Agreement and except for continuing indemnities provided elsewhere in this Agreement.

Section 3.4 Delivery of Site.

(a) *The Authority's Obligation to Ground Lease.* Provided that the conditions precedent in Sections 3.1, 3.2 and 3.3 hereof have been satisfied or expressly waived, the Authority and the Developer shall instruct Old Republic Title Company (the "**Title Company**"), or other title company selected by mutual agreement, to complete the Closing as set forth below. Upon the Closing, the Authority shall deliver the Project Site to the Owner pursuant to the Ground Lease and subject only to the Permitted Exceptions.

(b) *Steps for the Closing.* The Closing shall be completed as follows:

(1) By the Closing date set forth on the Schedule of Performance, the Authority shall obtain approval from the Authority Board for the disposition of a ground leasehold interest in the Project Site to the Owner.

(2) On or before the Closing date, the Authority shall execute, acknowledge, deposit and deliver to the Title Company, as necessary and appropriate, the Ground Lease, the Memorandum of Ground Lease and Closing Documents to which the Authority is a party.

(3) On or before the Closing date, the Owner shall execute, acknowledge, deposit and deliver to the Title Company, as necessary and appropriate, the Ground Lease, the Memorandum of Ground Lease, and the agreements listed in Section 3.1(i) hereof.

(4) The Owner shall concurrently close on its construction financing and Investor Member equity for the Project.

(5) The Authority and the Owner shall instruct the Title Company to consummate the escrow and upon Closing, the Title Company shall record in the Official Records the Memorandum of Ground Lease and any other Closing Documents required to be recorded under the terms of this Agreement or the then applicable Financing Documents.

(6) The Title Company shall issue title policies to the Owner and the Authority, as required in Section 3.6 hereof.

(c) *Effect of the Closing.* Once the Closing has occurred, this Agreement will terminate and the Ground Lease and HUD Use Agreement will govern the Parties' obligations as to matters set forth in them. No termination of this Agreement, in and of itself, shall release the other Party from the obligations it has undertaken in the Ground Lease, the HUD Use Agreement, or any document between the Authority and Owner executed as a part of the Closing nor increase the

rights and remedies it may have under such documentation.

Section 3.5 Conditions of Title.

(a) *Permitted Title Exceptions.* Within ninety (90) days following the execution of this Agreement (the “**Permitted Title Exceptions Date**”), the Developer shall provide written notice to the Authority of any matters shown on a preliminary title report for the Project Site that the Developer shall reasonably require to be removed from title prior to conveyance of the Project Site. Within sixty (60) days after the receipt of such notice from the Developer, the Authority shall deliver to the Developer a notice setting forth those disapproved exceptions the Authority agrees to use good faith efforts (with the Developer’s assistance if required) to eliminate prior to the Closing. If the Authority refuses to eliminate any of the disapproved exceptions prior to the Closing, the Developer may elect: (i) to waive such disapproval(s) and to accept title to the leasehold interest in the Project Site subject to such exceptions; or (ii) to terminate this Agreement. Title exceptions for which the Developer does not provide notice of disapproval or for which the Developer waives such disapproval pursuant to this Section 3.5(a) shall constitute Permitted Title Exceptions. The Authority shall convey a leasehold interest in the Project Site to the Owner under and subject to the provisions of the Ground Lease and subject only to the Permitted Title Exceptions. At its expense, the Authority shall remove at or before the Closing all monetary liens (collectively, “**Monetary Liens**”) including without limitation: (1) all delinquent taxes, bonds and assessments and interest and penalties thereon; and (2) all other monetary liens, whether or not shown on the preliminary title report (including judgment and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with the Authority being fully responsible for any fees or penalties incurred in connection therewith). Monetary Liens shall not include a lien for non-delinquent general real property taxes prorated in accordance with this Agreement. Notwithstanding the foregoing, the Authority shall not be responsible for the removal of liens that result from the activities of the Developer or the Developer’s employees, agents, or contractors.

(b) *New Title Matters.*

(1) From and after the Permitted Title Exceptions Date, the Authority shall not enter into any new agreements or contracts or modify any existing agreements or contracts related to or that may affect the Property without the Developer's prior written consent, unless the same shall be cancelable without penalty or premium upon not more than thirty (30) days’ notice from the Authority. The Authority will cancel all such contracts and agreements, or any other service contracts prior to the Closing (unless otherwise agreed to by the Developer in writing).

(2) Without limiting the foregoing, the Authority shall be obligated, at the Authority’s expense, to cure any title defect which is curable by the payment of money or the posting of a bond if such title defect arises after the Permitted Title Exceptions Date and on or before the Closing, and is caused solely by the Authority, its agents, contractors or employees.

(3) The Authority agrees to cooperate with the Developer to remove existing utility easements that materially and adversely affect the Project.

Section 3.6 Title Insurance to be Issued at the Closing. At the Owner’s expense, the

Title Company shall issue to the Owner an ALTA extended coverage title insurance policy (“**Title Insurance Policy**”) with such coinsurance or reinsurance and direct access agreements as the Owner may reasonably request, in an amount designated by the Owner, insuring that the leasehold estate in the Project Site is vested in the Owner subject only to the Permitted Title Exceptions, and with the ALTA form endorsements and such other endorsements as may be reasonably requested by the Owner and the Investor. The Authority shall execute and deliver at the Closing the Title Company’s standard form affidavit and indemnity required in order to issue the Title Insurance Policy. The Title Company shall issue to the Authority an ALTA Lender’s policy of title insurance in the amount of each loan provided by the Authority, insuring that each mortgage is a lien on the leasehold estate, and that the Memorandum of Ground Lease and the Purchase Option and Right of First Refusal have been recorded, in each case subordinate only to such documents as specified in this Agreement, and with such endorsements as may be reasonably requested by the Authority.

ARTICLE IV: FINANCING ARRANGEMENTS

Section 4.1 Financing Plan and Financial Commitments. The Parties acknowledge that subject to financing commitments and other requirements, the Developer shall use diligent efforts to obtain financing commitments consistent with the Financing Plan. The Financing Plan shall consist of the information set forth in Section 4.1(a) hereof. The items set forth in Sections 4.1(a)(1), (a)(2) and (a)(3) hereof shall be attached hereto as Exhibit E for the Project. The remaining information in Section 4.1(a) hereof shall be submitted by the Developer to the Authority.

(a) *Financing Plan.*

The Financing Plan shall consist of:

- (1) the Project’s approved budget, which budget shall include any amounts advanced as part of the Predevelopment Loan from the Authority pursuant to Section 6.1 of the Master Development Agreement allocated to the Project and to be repaid at the Closing.
- (2) the sources and uses analysis for the period of the construction for the Project, including an analysis of subsidized financing necessary from public entities, if any;
- (3) the sources and uses analysis from the date of the origination of the permanent loan, including an analysis of subsidized financing from public entities for the Project, if any;
- (4) the twenty (20)-year cash flow projections for the Project, including an analysis from the date of the issuance of the Certificate of Occupancy;
- (5) the initial operating budget for the Project, including without limitation an operating reserve fund and capital replacement reserve fund;
- (6) all underlying assumptions for each of the above, including terms, conditions, and pricing of all debt and equity; and

(7) a rent schedule showing Units individually identified by number, bedroom size and rent amount.

(b) *Approvals.* The Developer shall also submit to the Authority for approval any revisions to the Financing Plan for the Project. The Developer shall submit to the Authority for review any and all commitments for financing necessary to undertake the construction of the Project and for permanent financing necessary for the Project. The Developer shall further submit to the Authority for its reasonable approval copies of any proposed partnership or operating agreements and funding agreements between the Developer and Investors; any documents proposed to be entered into by the Developer with respect to any subsidies; loan agreements; and all other documents that the Developer and its proposed construction lender(s) and permanent lender(s) propose to execute in connection with such financing for the Project. With the exception of Financing Documents that are subject to Section 3.2(f) hereof, if the Developer does not receive approval or disapproval of any document submitted pursuant to this paragraph within twenty-one (21) days, including the notice period required by Section 12.7(c) hereof, along with the specific reasons for any disapproval, such documents may be deemed approved by the Authority as further provided in, and subject to the requirements of, Section 12.7 hereof. Notwithstanding the foregoing, the Authority shall not withhold approval of Financing Documents that are consistent with the terms of the final approved Financing Plan and that do not materially and adversely affect the rights of the Authority as contemplated herein and in the Ground Lease.

(c) *No Subordination.* The Authority will not approve any subordination of its fee interest in the Project Site to the interests of any lender or other funder other than any Regulatory Agreement required by HUD. Notwithstanding the foregoing, the Authority's Purchase Option under Section 7.4 hereof shall be subordinate to the Owner's construction and permanent financing pursuant to commercially reasonable terms to be negotiated in good faith between the Authority and the Owner, and the Purchase Option shall also be subordinate to the RHRF loan (if any) and all regulatory agreements associated therewith, if required. The Ground Lease shall include a list of permitted subordinate liens.

Section 4.2 Intentionally Omitted.

Section 4.3 Financing for the Development.

(a) *The Authority's Assistance; Section 8 Project-Based Vouchers.* The Authority will assist and support in good faith the Developer's effort to obtain public and private financing for the Project, including seeking any necessary approvals or waivers from HUD to allow the use of project-based Section 8 funding and has awarded sixty-five (65) Section 8 Project-Based Vouchers to the Project subject to HUD Requirements and as described in that certain award letter dated June 24, 2024, but shall have no obligation to provide any financing for the Project other than the predevelopment loans described herein. Notwithstanding the foregoing, the Developer shall be primarily responsible for seeking all financing for the Project.

(b) *The Developer's Financial Information.* The Developer shall provide, and the Developer shall cause the Guarantor to provide, financial statements.

(c) *Guarantees.* The Guarantor or another Affiliate of Developer shall provide the Developer Guarantees pursuant to Section 6.3 of the Master Development Agreement.

(d) *Predevelopment Funding.* Pursuant to Section 6.1 of the Master Development Agreement, the Multi-Phase Predevelopment Loan, and/or the Predevelopment Loan, the Authority has provided or will provide a predevelopment loan for the Project in accordance with the Master Development Agreement. The Developer or the Developer's Affiliates shall be solely responsible for funding all predevelopment costs and expenses not covered by the Authority predevelopment loan that the Developer reasonably believes must be incurred and paid prior to the Closing. At Closing, the Developer (or the Developer's Affiliate, as applicable) shall be entitled to reimbursement of all predevelopment costs and expenses incurred, with interest at the Developer's actual cost of funds as may be permitted by lenders and investors. Without limiting the generality of the foregoing, Developer shall disclose to Authority in writing, and shall include in the Financing Plan, the interest rate, terms, and payee for any predevelopment loan that will be included in the development budget for the Project by an affiliate of the Developer.

Section 4.4 Amounts to be Paid to the Developer.

(a) To the extent supported by financing and allowable under HUD and State of Hawaii requirements, and subject to the approval of lenders and investors to the Project, the developer fee for the Project will be up to fifteen percent (15%) of total development costs, less approved reserves (such as operating reserves and replacement reserves) and less the developer fee itself. The developer fee, including deferred developer fee, will be shared *pari passu* as follows: the first nine percent (9%) shall be paid seven percent (7%) to Developer and two percent (2%) to HPHA and any remaining developer fee shall be distributed 50% each to the Developer and HPHA. If the developer fee is fifteen percent (15%), the Developer will receive a total fee of ten percent (10%) and HPHA will receive a total fee of five percent (5%). Milestones for payment of the developer fee shall be subject to lender and investor requirements. The Developer will certify that neither Developer nor any of its affiliates will receive fees related to the Project in addition to the developer fee other than disclosed related party fees such as property management fees. Proportionate payments of the Developer Fee from the Developer will become due immediately upon the Developer's receipt of the same in accordance with Section 6.4 of the Master Development Agreement.

(b) Except as expressly provided elsewhere herein, the Developer (and its Affiliates) shall not receive any additional payment for providing goods or services to the Project except with the express written consent of the Authority. The Developer will disclose any proposed relationship to the Authority and will provide the Authority with enough information about the terms and conditions of the proposed relationship to enable the Authority to evaluate its propriety and commercial reasonableness. Without limiting the generality of the foregoing, the Developer shall disclose to the Authority in writing and shall include in the Financing Plan, the interest rate, terms, and payee for any predevelopment loan that will be included in the development budget for the Project by an affiliate of the Developer.

(c) The Parties acknowledge that under Section 7.2 hereof, the Authority has approved

the Management Agent. All proposed fees associated with property management, including without limitation, lease-up fees, management fees, accounting fees, set-up fees, reimbursement of eligible expenses, and charges for resident services and all such proposed fees shall be disclosed in writing to the Authority, shall be subject to the Authority's reasonable approval, and shall be included in the Financing Plan.

ARTICLE V: DESIGN

Section 5.1 Design in Conformance with Scope of Development and Concept Plan. In designing and constructing the Project, the Developer shall require the Architect to cause all subsequent design documents to be consistent with the Scope of Development, attached hereto as Exhibit B, the Concept Plan, attached hereto as Exhibit D approved by the Authority, and the accessibility requirements described in Section 5.11 hereof. The Scope of Development and the Concept Plan shall establish the baseline design standards from which the Developer shall prepare all subsequent Design Development Documents. The Project shall be designed to satisfy all of the Development Goals described in the Master Development Agreement. The Project shall be designed in a manner to achieve a density that is economically feasible, while also taking into consideration the views of community stakeholders. The Developer shall seek input from community stakeholders per the Master Development Agreement.

Section 5.2 Design Documents. The Developer shall cause its Architect to proceed diligently to prepare schematic Design Documents, Design Development Documents and Construction Documents for the Project, consistent with the Scope of Development and the Concept Plan, including, without limitation, such drawings as may reasonably be required to show the location, bulk, height, and other principal external features of the Project. In connection with its submittal to the Authority for its approval, the Developer shall provide to the Authority the Design Development Documents in the form and at each of the stages described in Section 5.3 hereof, as may reasonably be required by the Authority for its review. The Design Development Documents shall incorporate any conditions imposed by the City's planning and entitlements process.

Section 5.3 Submittal and Review of Design Development Documents. Within the times set forth in the Schedule of Performance, the Developer shall submit to the Authority the Design Development Documents in the following stages:

(a) *Design Development Drawings*. The Design Development Drawings shall be based on the Concept Plan and the Scope of Development. The Design Development Drawings shall indicate estimated structural dimensions, and delineation of site features and elevations, materials and colors, landscaping and other features. The drawings shall fix and describe all design features, as well as the size, character, and quality of the Project as to architectural, structural, and mechanical systems. Key details shall be provided in preliminary form. The Developer shall submit to the Authority ninety percent (90%) plans in accordance with the Schedule of Performance in Exhibit C attached hereto.

(b) *Final Plans and Specifications*. Final Plans and Specifications are to be a continuation of approved Design Development Drawings. The Plans and Specifications shall

provide all the detailed information necessary to allow for the Developer to obtain the applicable building permits and shall provide all the detailed information necessary to obtain building or site permits to build the Project including complete building, site, and landscape requirements, standards, and specifications. The Developer shall provide material samples upon the reasonable request of the Authority.

Section 5.4 The Project's Approvals. Within the times set forth in Section 5.6 hereof, the Authority shall have the right to review and approve the Design Development Documents to ensure that the Project will be constructed with high-quality architectural design and materials and to ensure consistency with the Scope of Development and the provisions of this Agreement. The Authority shall have the right to review and approve the Design Documents associated with each phase of the design process. The Authority shall provide to the Developer written approval or disapproval. For purposes of this Article V, "approval" means approval of the Authority's Executive Director or his or her designee. The Authority approved the one hundred percent (100%) Construction Drawings dated April 24, 2024 and the "Issued for Construction" set of Construction Drawings dated October 2, 2024.

Section 5.5 Reserved.

Section 5.6 Approval Process. The Authority shall approve or disapprove submittals under this Article V within ten (10) business days of receipt of the submittal from the Developer. If the Authority disapproves a submittal of the Design Development Documents according to Section 5.4 hereof, the Authority shall submit a list of reasons for such disapproval to the Developer, together with its notice of disapproval. Upon receipt of such a list, the Developer shall have twenty (20) business days to resubmit a revised submission. Upon its receipt of a revised submission, the Authority shall have five (5) business days (or if the Authority Board action is required as soon as reasonably possible) to approve or disapprove of the revised design.

Section 5.7 No Change in Design Documents. Once the Authority has approved final construction drawings, the Developer shall not make any changes in those documents that would materially impact the matters outlined in Section 5.3 hereof, excluding any change required for compliance with building codes or other government health and safety requirements, without the prior written approval of the Authority, which approval shall be granted in the Authority's reasonable discretion and within the periods set out in Section 5.6 hereof. Notwithstanding anything to the contrary outlined in this Agreement, in no event shall the Authority's consent be required for any change orders associated with changes to the Scope of Development unless such change order (a) individually, increases the development budget by more than \$250,000.00, or (b) such change order, when added to increases in the development budget caused by all previous change orders, increases the development budget by more than \$500,000.00, or (c) represents a material change in the building materials or equipment or the structural or architectural design or appearance of the Project as provided in the Scope of Development and Concept Plan approved by the Authority. The Developer shall not make any material change required for compliance with building codes or other government health and safety requirements without giving prior notice to the Authority.

Section 5.8 Submittal and Review of Construction Contract. The Developer shall

submit to the Authority for its approval the proposed construction contract and other Construction Documents for the Project prepared in accordance with Sections 6.8(f) and 7.2 of the Master Development Agreement.

Section 5.9 Additional Permits and Approvals. Within the times specified in the Schedule of Performance, the Developer shall obtain all permits and approvals that are required by local jurisdictions prior to the commencement of construction for the Project including building permits. All applications for such permits and approvals shall be consistent with the approved Design Documents. The Developer shall not commence construction under a building or site permit, excluding any necessary demolition work pursuant to a separate agreement regarding demolition, until the Authority has approved the Plans and Specifications. The Developer acknowledges that execution of this Agreement by the Authority does not constitute approval by the City of any required permits, applications, or allocations, and in no way limits the discretion of the City in the permit, allocation, and approval process.

Section 5.10 The Authority's Review. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Plans and Specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Authority regarding the Project is solely to determine whether the Developer is properly discharging its obligations to the Authority and should not be relied upon by the Developer or by any third parties as a warranty or representation by the Authority as to the quality of the design or construction of the Project.

Section 5.11 Accessibility Requirements. The design and operation of the Project shall meet the program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, the Americans with Disabilities Act, and the Fair Housing Act and their implementing regulations. In addition, the Developer shall ensure that the percentage of the Units that are accessible complies with the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8, subpart C or any applicable successor regulation. The Disability and Communication Access Board has certified the Project to comply with all federal, state, and local standards in a Certification received April 8, 2024.

ARTICLE VI: CONSTRUCTION

Section 6.1 Commencement of Construction. Subject to events of Force Majeure as defined in Section 10.1(b) hereof, the Developer and the Owner shall commence or cause to be commenced construction of the Project after the Closing and otherwise in accordance with the Schedule of Performance.

Section 6.2 Completion of Construction. The Developer and the Owner shall diligently prosecute, or cause to be prosecuted to completion, the construction of the Project, and shall complete or cause to be completed the construction of the Project no later than the time specified in the Schedule of Performance, subject to events of Force Majeure as defined in Section 10.1(b)

hereof.

Section 6.3 Construction Pursuant to Plans.

(a) The Owner shall construct or cause to be constructed the Project substantially in accordance with the final construction drawings, and the terms and conditions of all City and other governmental approvals.

(b) The Developer shall submit or cause to be submitted for the Authority's approval any proposed change in the final construction drawings which materially changes the size, location or elevation of the Project or which would require an amendment to any approval or permits obtained from the City or other governmental agencies. The process for approving or disapproving change orders shall be negotiated further by the Authority, the Developer, and the Owner before the Closing.

(c) No change that is required for compliance with building codes or other laws, codes or regulations shall be deemed material. However, the Developer or the Owner must submit or cause to be submitted to the Authority, in writing, any change that is required for such compliance within ten (10) business days after making such change, and such change shall become a part of the approved Final Plans and Specifications.

Section 6.4 Construction Bonds. The Owner shall cause the contractor to procure and deliver to the Authority copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction of the Project, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company that is licensed to do business in the State of Hawaii and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year's Federal Register or as otherwise approved by the Authority. The labor and materials (payment) bond shall name the Authority as a dual-obligee or assignee.

Section 6.5 Compliance with Applicable Law. The Developer and Owner shall cause all work performed in connection with the Project to be performed in compliance with (a) all applicable laws, ordinances, rules, and regulations of federal, state, county, or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the federal Davis-Bacon Act and Section 3 of the Housing and Community Development Act of 1974, as amended), and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer and the Owner shall be responsible for the procurement and maintenance thereof.

Section 6.6 Non-Discrimination; Equal Opportunity; Section 3 Compliance. The Developer and Owner, for itself and its successors and assigns, and transferees agree that in the construction, operation, and management of the Project:

(a) The Developer and Owner will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, ancestry, disability, medical condition, age, marital status, sex, sexual orientation, gender identity, HIV status, or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, or retaliation for having filed a discrimination complaint (nondiscrimination factors). The Developer and Owner will take affirmative action to ensure that applicants are considered for employment by the Developer and Owner without regard to the nondiscrimination factors and that the Developer's and the Owner's employees are treated without regard to the nondiscrimination factors during employment including, but not limited to, activities of upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer and Owner agree to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein;

(b) The Developer and Owner will ensure that its solicitations or advertisements for employment comply with the aforementioned nondiscrimination factors; and

(c) The Developer and Owner will cause the foregoing provisions to be inserted in all contracts for the construction, operation, or management of the Project entered into after the Effective Date of this Agreement; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

(d) To the extent applicable, the Developer and Owner will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, which is to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons" and will comply with the implementing regulations at 24 CFR Part 75 or any applicable successor regulations ("**Section 3 Requirements**"). The current Financing Plan does not include any source of funds that triggers Section 3 Requirements it being acknowledged that compliance with Section 3 Requirements is not a PBV Requirement. Should the Financing Plan change and the Owner obtains financing that does trigger Section 3 Requirements, the Owner shall (i) develop a hiring and contracting plan for complying with Section 3 and (ii) the Developer and Owner will cause the following Section 3 Clause to be included in all contracts related to the construction, operation, or management of the Project: "This document is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, which requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. [Name of contracting party] agrees to work in good faith with the Developer [Owner] to provide such opportunities during the implementation

of the services required by this [contract or agreement] and to comply with the Resident and Local Hiring Plan established by the Developer [Owner].”

Section 6.7 Equal Opportunity/Non-Discrimination in Employment and Contracting Procedures, Including Utilization of Minority and Women Businesses. The Developer, the Owner and the Authority acknowledge and agree that it is the policy of the Authority to promote and ensure equal opportunity through employment and in the award of contracts and subcontracts for construction. During the period of this Agreement, the Developer and the Owner shall not discriminate based on race, color, creed, religion, national origin, ancestry, disability, medical condition, age, marital status, gender identity status, sex, sexual orientation, HIV status or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, in the hiring, firing, promoting or demoting of any person. Subject to the foregoing, the Developer and the Owner affirm their commitment to carry out the Section 3 compliance activities described in the Master Development Agreement.

(a) During the construction of the Project, the Developer and the Owner shall provide to the Authority such information and documentation as reasonably requested by the Authority.

(b) The Developer and the Owner shall use reasonable efforts to monitor and enforce, or shall cause its general contractor to monitor and enforce, the equal opportunity requirements imposed by this Agreement. If, after notice from the Authority and an opportunity to cure such failure as set forth in Article X hereof, the Developer and the Owner fail to use reasonable efforts to monitor or enforce these requirements, the Authority may declare a default under this Agreement and pursue any of the remedies available herein.

(c) As requested, the Authority shall provide such technical assistance necessary to implement this Section 6.7.

Section 6.8 Prevailing Wages. In the construction of the Project, for all on-site and adjacent construction activities, the Developer and the Owner shall pay and assure, as applicable, that all contractors and subcontractors pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department pursuant to the federal Davis-Bacon Act and implementing rules and regulations. The Developer and the Owner shall comply with all applicable reporting and recordkeeping requirements. The Developer and the Owner shall provide the Authority with any required reports confirming compliance with the Davis-Bacon Act or state prevailing wage requirements.

Section 6.9 Progress Reports. Until the Owner is entitled to the issuance of a Certificate of Occupancy by the City, the Developer shall provide the Authority with monthly progress reports regarding the status of the construction of the Project, including the Developer’s compliance with all applicable state and federal requirements including, but not limited to, Section 3 Program requirements and the requirements of the Authority’s local hiring requirements.

Section 6.10 Entry by the Authority. The Owner shall permit the Authority, through its officers, agents, or employees, to enter the Project Site with advance written notice, at all reasonable times and in a safe, unobtrusive manner to review construction work to determine that

such work conforms with the approved Plans and Specifications or to inspect the Project for compliance with this Agreement. The Authority is under no obligation to (a) supervise construction, (b) inspect the Project, or (c) inform the Developer or the Owner of information obtained by the Authority during any review or inspection, and the Developer and the Owner shall not rely upon the Authority for any supervision, inspection, or information.

Section 6.11 Hazardous Materials.

(a) *Certain Covenants and Agreements.* The Developer hereby covenants and agrees that:

(1) The Developer shall not knowingly permit the Project or the Project Site or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal, or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Project in violation of any applicable law;

(2) The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to violate, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same, the Developer shall immediately advise the Authority in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all Claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as “**Hazardous Materials Claims**”); (C) the presence of any Hazardous Materials in, on or under the Project in such quantities which require reporting to a government agency; or (D) the Developer’s discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project Site or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. If the Authority reasonably determines that the Developer is not adequately responding to a Hazardous Material Claim, the Authority shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney’s fees in connection therewith paid by the Developer.

(4) Without the Authority’s prior written consent, which shall not be unreasonably withheld or delayed, the Developer shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Project (other than in emergencies or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(5) Notwithstanding any contrary provision hereof, construction materials, gardening materials, household products, office supply products, and janitorial supply products

customarily used in the construction, maintenance, rehabilitation, or management of residential property, and which are used, stored, and disposed of in accordance with all applicable Hazardous Materials Laws may be used in connection with the construction and operation of the Project.

(b) *Indemnity.* Without limiting the generality of any other indemnification set forth herein, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Authority) the Authority, any affiliate of the Authority that participates as a member of the Owner, and the City, and their respective board members, commissioners, directors, elected and appointed officers and officials, employees, members, agents, consultants, volunteers and representatives (all of the foregoing, the “**Authority Indemnitees**”) from and against any and all Claims arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer or any other person or entity, except for the Authority and the Authority Indemnitees, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project subsequent to the conveyance of the Project Site to the Owner; (2) the presence in, on or under the Project of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Project which presence, discharge, or release occurred after the date of the Ground Lease; or (3) any activity carried out on, or undertaken on or adjacent to the Project subsequent to the conveyance of the Project Site to the Owner, by the Developer or any of its affiliates, employees, agents, contractors or subcontractors, or any third persons except for the Authority and the Authority Indemnitees, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Project (collectively “**Indemnification Claims**”).

The foregoing indemnity shall further apply to any residual contamination in, on, or under the Project or the Project Site, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 6.11(b) shall survive expiration or earlier termination of this Agreement and shall remain in full force and effect, except that this indemnity shall not apply to contamination that first arises after termination of the Ground Lease or contamination caused by the gross negligence or willful misconduct of the Authority or affiliate of the Authority.

(c) *No Limitation.* The Developer and the Owner hereby acknowledge and agrees that the Developer’s and Owner’s duties, obligations, and liabilities under this Agreement, including, without limitation, under Section 6.11(b) hereof, are in no way limited or otherwise affected by any information the Authority may have concerning the Project Site and/or the presence in, on or under the Project Site of any Hazardous Materials, whether the Authority obtained such information from the Developer or the Owner or their investigations unless the Authority intentionally and knowingly withholds such information from the Developer.

(d) *Environmental Work.* After the Closing, the Owner shall be responsible for performing the work of any investigation and remediation that may be required by applicable law on the Project Site to develop the Project. The determination as to whether any such remediation

is needed, and as to the scope and methodology thereof, shall be made by mutual agreement of the governmental agency with responsibility for monitoring such remediation, the Authority, and the Owner. During the term of the Ground Lease, the Owner shall notify the Authority promptly upon discovery of any actionable levels of Hazardous Materials, and any release thereof, and shall consult with the Authority to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. The Owner shall comply with and shall cause its agents and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal, and remediation of Hazardous Materials. The investigation and remediation work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this Agreement.

(e) *The Owner's Right to Terminate.* If, before the Closing, the Owner discovers Hazardous Materials, the cost of remediation of which exceeds the amount of insurance proceeds available for payment to the Owner pursuant to any applicable insurance policy, then the Owner, subject to the conditions set forth below, shall have the right to terminate this Agreement by delivery of thirty (30) days' written notice to the Authority. Owner's right so to terminate this Agreement shall be subject to the condition precedent that Owner shall first have: (a) submitted to the Authority any and all information then available to Owner as to the nature and scope of the Hazardous Materials discovered and as to the cost estimated to remediate them, if any such cost estimate exists, and (b) offered to the Authority the right, within six (6) months after receipt of such information, or such longer period of time as may reasonably be required by the Authority to obtain competitive bids for the work, to elect, at its sole and absolute discretion, to cause such work to be performed, at the Authority's sole cost and expense, to the reasonable satisfaction of the Owner; provided however, the Parties will cooperate to expeditiously address Hazardous Materials discovered after the date upon which the Low-Income Housing Tax Credits are allocated to the Project and in all events shall avoid jeopardizing compliance with construction completion/placed in service deadlines. Unless the Owner makes a reasonable determination that the remediation work cannot be completed before any applicable construction completion or placed in service deadlines, if the Authority so elects and causes such work to be performed as soon as reasonably possible, then the Owner shall not have the right to terminate this Agreement under this Section 6.11(e).

Section 6.12 AS-IS Conveyance. The Ground Lease shall convey a leasehold interest in the Project Site in its "AS-IS, WHERE-IS, WITH ALL FAULTS" condition with no warranties or representations by the Authority concerning the condition of the Project Site, including without limitation, the presence or absence of any Hazardous Materials, except as expressly provided in writing. The Developer and the Owner hereby agree and acknowledge that except in the event of any fraud, misrepresentation, or withholding of information by the Authority: (i) neither the Authority, nor anyone acting for or on behalf of the Authority, has made any representation, statement, warranty or promise to the Developer or the Owner concerning the development potential or condition of the Project Site; (ii) in entering into this Agreement, the Developer and the Owner have not relied on any representation, statement or warranty of the Authority, or anyone acting for or on behalf of the Authority, other than as may expressly be contained in writing in this Agreement; (iii) all matters concerning the Project Site have been or shall be independently verified by the Developer and the Owner and that the Owner shall lease the Project Site based upon the Developer's prior examination thereof; and (iv) THAT THE OWNER SHALL LEASE

THE PROJECT SITE IN AN “AS IS” PHYSICAL CONDITION AND IN AN “AS IS” STATE OF REPAIR.

Section 6.13 City and Other Governmental Authority Permits. Before the commencement of construction or development of any buildings, structures, or other work of improvement upon the Project Site, the Developer shall secure or cause to be secured, on its behalf or on behalf of the Owner, as applicable, any and all permits or other authorizations, which may be required by the City or any other governmental agency regulating such construction, development or work, excluding demolition permits which shall be the responsibility of the Authority. The Authority shall provide all assistance deemed appropriate by the Authority to the Developer or the Owner, as appropriate, in securing these permits. Costs and fees associated with the Developer’s performance under this Section 6.13 shall be a cost to the Project.

Section 6.14 Planning/Zoning Approvals for the Project Site. It shall be the responsibility of the Developer to ensure that the zoning of the Project Site shall be such as to permit the development and use of the Project Site in accordance with the provisions of this Agreement. The Authority shall cooperate with the Developer and the Owner, as appropriate, in seeking any variances, conditional use permits, parcel maps, or other discretionary approvals, excluding demolition permits which shall be the responsibility of the Authority, needed to implement this Agreement. Costs and fees associated with the Developer’s performance under this Section 6.14 shall be a cost to the Project.

Section 6.15 Environmental Measures. The Parties have agreed to implement Environmental Measures in accordance with Exhibit L attached hereto (“**Environmental Measures**”).

ARTICLE VII: OWNERSHIP, OPERATION AND DISPOSITION OF RENTAL DEVELOPMENT

Section 7.1 Ownership. Units developed pursuant to this Agreement shall be owned by the Owner, and all net income therefrom shall be subject to the terms and provisions of the documents governing the operation of the Project, including without limitation, the Ground Lease. The Project will be owned and operated by the Owner in which the managing member will be the Master Developer or its Affiliate and an affiliate of the Authority may participate in the Owner in accordance with Section 2.2(b) hereof.

Section 7.2 Property and Asset Management. The Owner, through a professional property manager or property management company, shall manage the Project or cause it to be managed pursuant to a management agreement and management plan that are subject to the Authority’s review and approval. Any manager or management company retained to act as agent for the Owner in meeting the obligation of providing a property manager shall be subject to the prior written approval of the Authority, which approval shall not be unreasonably withheld or delayed. The Authority hereby approves Michaels Management-Affordable, LLC, a New Jersey limited liability company (“**Management Agent**”), as the Project’s initial property manager. In exercising its approval rights hereunder, the Authority may require proof of ability and qualifications of the management company based upon (i) prior experience, (ii) assets, (iii)

insurance coverage, and (iv) other factors determined by the Authority as reasonably necessary. Furthermore, upon sixty (60) days' prior written demand from the Authority for cause in the Authority's reasonable discretion, the Owner shall remove and replace a property management company. In any agreement with a property management company ("**Management Agreement**"), the Owner shall expressly reserve the right to terminate such agreement with cause. Notwithstanding the foregoing, the Authority agrees that the Management Agent shall be entitled to a sixty (60)-day notice of default and a reasonable opportunity to cure before any such termination. The Management Agent will receive a base management fee in accordance with HHFDC requirements not to exceed five percent (5%) of gross rents collected (the "**Management Fee**"). The Investor Member will be entitled to receive an annual asset management fee equal to \$22,500 (the "**Investor Asset Management Fee**"). The Investor Asset Management Fee will increase at the rate of three percent (3%) annually. The Authority will be entitled to receive one percent (1%) of gross rental collections as an asset management fee pursuant to an asset management agreement between the Authority and the Owner (the "**Authority Asset Management Fee**"). The Authority Asset Management Fee will be calculated based on the Gross Rental Income and be increased at the rate of two percent (2%) annually. Fifty percent (50%) of such Authority Asset Management Fee may be paid to the Management Agent if the Management Agent achieves "high performer" as designated by HUD in its Public Housing Assessment System in accordance with Section 8.3(b) of the MDA. However, if the Management Agent charges a management fee (a base management fee or otherwise) that exceeds 5% of gross rents collected, the Authority shall receive and retain 100% of its Authority Asset Management Fee.

Section 7.3 Approval of Operating Budgets; Financial Statements; Books and Records. The Authority shall have the right to review and approve the annual operating budgets for the Project, which approval shall not be unreasonably withheld. The Owner shall submit to the Authority a proposed annual operating budget for the Project not later than ninety (90) days prior to the beginning of each fiscal year of the Owner (the "**Fiscal Year**") during the term of the Ground Lease. The proposed budget shall include a description of anticipated repairs and capital replacements to be undertaken in the next Fiscal Year. In addition, the Owner shall be required to annually submit to the Authority a copy of audited financial statements for the Project within ninety (90) days following the end of each Fiscal Year, but in no event later than April of each year, during the term of the Ground Lease. The Authority shall have the right to inspect all books and records related to the development, operation, and management of the Project.

Section 7.4 Purchase Option and Right of First Refusal. The Authority (directly or through an affiliate) shall have options (the "**Purchase Options**") to acquire the entire ownership interest in the Project (and the lessee's interest in the Ground Lease) after the Tax Credit Compliance Period. The aggregate price to be paid by the Authority or its affiliate shall be negotiated in connection with the Authority's approval of the Investor Member and shall be no less than the greater of the Right of First Refusal price or the fair market value of such property or interests unless Section 42 of the Code is amended to permit the price to be the same as the Right of First Refusal price as long as this is acceptable to the Investor Member. The Owner and the Authority shall make diligent efforts to structure the transaction with investors so as to minimize the exit tax liability, with a target level of such taxes mutually established by the Authority, the Owner that the Owner will make reasonable efforts not to exceed.

In addition to the Purchase Options, commencing upon the close of the Tax Credit Compliance Period, the Authority (either directly or through an affiliate) shall have a right of first refusal (the “**Right of First Refusal**”) to acquire the entire ownership interest in the Project (and the lessee’s interest in the Ground Lease) for the sum of the outstanding indebtedness, including member loans, and the Investor Member’s exit tax liability. The Right of First Refusal shall provide that the Authority (or its affiliate) shall be entitled to exercise the Right of First Refusal within one hundred twenty (120) days following the Owner’s or the Owner’s receipt of an offer to purchase such interests in the Project (together with the lessee’s interest in the Ground Lease) that each of the members of the Owner is prepared to accept.

The Developer shall be responsible for tax credit shortfalls and deficiencies that have arisen as a result of acts or occurrences that took place during the time that the Developer or its Affiliate has served as a member of the Owner and that the Investor Member is required to be paid upon exercise of either the Purchase Option or Right of First Refusal. The terms of the Purchase Option and Right of First Refusal shall be negotiated between the Parties and subject to the requirements and approval of the Investor Member prior to and as a condition precedent to the Closing and shall be set forth in Purchase Option and Right of First Refusal Agreements for the Project (the “**Purchase Option and Right of First Refusal Agreements**”).

ARTICLE VIII: OBLIGATIONS THAT CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION; ASSIGNMENT AND TRANSFERS

Section 8.1 Maintenance. The Owner hereby agrees that, upon the Closing, and before completion of the construction of the Project, the Project Site shall be maintained in a neat and orderly condition to the extent practicable and according to industry health and safety standards.

Section 8.2 Non-Discrimination. The Owner covenants by and for itself and its successors and assigns acting as the Owner that there shall be no discrimination against or segregation of a person or a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site or of the Project by the Owner, nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees of the Project Site or the Project.

Section 8.3 Mandatory Language in All Subsequent Deeds, Leases, and Contracts. All deeds, leases, or contracts entered into by the Owner on or after the date of execution of this Agreement as to any portion of the Project shall contain the following language:

(a) *In Deeds*: “Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or

segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

(b) *In Leases* (except for leases from the Management Agent to a residential tenant): “The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, sublessee, subtenants, or vendees in the land herein leased.”

(c) *In Contracts*: “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee, or vendees of the land.”

Section 8.4 Employment Opportunity. During the operation of the Project, there shall be no discrimination by the Owner based on race, color, creed, religion, sex, sexual orientation, gender identity, marital status, national origin, ancestry, or handicap in the hiring, firing, promoting, or demoting of any person engaged in the operation of the Project.

Section 8.5 Transfer.

(a) For purposes of this Agreement, “**Transfer**” shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) any interest in the Project, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Project is transferred and the Owner retains title. The term “**Permitted Transfer**” shall mean (a) the admission or withdrawal of the Investor Member in the Owner; (b) the transfer of interests in the Investor Member in the Owner; (c) the leasing of any single unit in the Project to a tenant in compliance with the Regulatory Agreements, as applicable; (d) the transfer of this Agreement to the Owner; (e) the removal of the members by the Investor Member pursuant to the terms of the Operating Agreement, (f) the granting of any security interests pursuant to the terms of financing for the Project pursuant to the approved Financing Plan, and (g) the substitution of an Affiliate of the Developer as a member of the Owner.

(b) No Transfer other than Permitted Transfers shall be permitted without the prior written consent of the Authority, which the Authority may withhold in its sole discretion. The

Authority will not unreasonably withhold consent to the granting of any easements necessary for the development of the Project Site as contemplated herein. The Authority may approve in writing other Transfers as requested by the Owner. In connection with such request, there shall be submitted to the Authority for review of all instruments and other legal documents proposed to effect any such Transfer. If a requested Transfer is approved by the Authority such approval shall be indicated to the Owner in writing. Such approval shall be granted or denied by the Authority within thirty (30) days of receipt by the Authority of the Owner's request for approval of a Transfer.

(c) The Operating Agreement shall provide that if a Transfer occurs due to a sale or refinancing of the Project, the Authority shall be entitled to Accrued Base Rent in accordance with the Ground Lease.

Section 8.6 Encumbrance of Property. Except as otherwise provided in this Agreement, neither the Developer nor the Owner shall engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Project Site or part thereof other than a lien for current taxes, whether by express agreement or operation of law or allow any encumbrance or lien to be made on or attached to the Project Site, except with the prior written consent of the Authority. The Developer and/or the Owner shall notify the Authority in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into concerning the Project or the Project Site, and of any encumbrance or lien that has been created on or attached to the Project Site whether by voluntary act of the Developer, the Owner, or otherwise.

ARTICLE IX: INSURANCE

Section 9.1 The Developer or the Owner. The Developer and the Owner shall maintain and keep in full force and effect and shall cause all of its Contractors that will enter onto the Project Site to maintain and keep in full force and effect, during the term of this Agreement and the Ground Lease, the policies of insurance described in this Section 9.1. Each liability policy shall name the Authority, any affiliate of the Authority participating as a member in the Developer or the Owner, and their respective board members, commissioners, directors, elected and appointed officers and officials, employees, agents, and consultants as additional insureds. The property insurance policies shall name the Authority as loss payee as its interests may appear. Each policy shall be underwritten and issued by reputable companies authorized to do business in the State of Hawaii with an A.M. Best's rating of not less than A:VII, shall not be subject to cancellation without thirty (30) days' prior written notice to the Authority and shall be primary and non-contributing to any insurance carried by the Authority. Any language purporting to limit the insurer's liability for failure to give the required 30-day prior written notice shall be unacceptable to the Authority. The Developer and the Owner shall provide the Authority with certificates of insurance and endorsements evidencing the required insurance, and upon request, copies of all insurance policies. All liability policies shall be written on an occurrence basis.

(a) Commercial General Liability (CGL) insurance, insuring for legal liability of the Developer or the Owner, and caused by bodily injury, property damage, personal injury or advertising injury, contractual liability, and products and completed operations arising out of the

ownership or management of the Project and including the costs to defend such actions brought against the Developer or the Owner. Limits of the policy shall be not less than Five Million Dollars (\$5,000,000.00) per occurrence; provided however, during the period before the start of construction such limit may be reduced to Two Million Dollars (\$2,000,000.00). During construction, the Developer or the Owner shall be obligated to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Two Million Dollars (\$2,000,000.00) and the general contractor shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars (\$5,000,000.00). Upon completion of construction, the Developer or the Owner shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars (\$5,000,000.00);

(b) Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Developer's or the Owner's full liability for statutory compensation to any person or persons who perform work for the Developer or the Owner or perform duties on the Project Site, and liability to the dependents of such persons. The policy will be in a form that complies with the worker's compensation acts and safety laws of the State of Hawaii. Worker's Compensation limits shall be not less than One Million Dollars (\$1,000,000.00) per occurrence;

(c) Automobile Liability insurance, insuring for legal liability of the Developer or the Owner, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including uninsured motorist liability, and including the costs to defend such actions brought against the Developer. Limits of the policy shall be not less than One Million Dollars (\$1,000,000.00) for each occurrence combined single limit per accident;

(d) Property insurance covering the Project, in a form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with a deductible, if any, acceptable to the Authority, naming the Authority as a loss payee, as its interests may appear. Flood insurance shall be obtained if required by applicable federal regulations; and

(e) Builder's Risk insurance, insuring for all risks of physical loss of or damage (including the perils of fire, vandalism, and malicious mischief, excluding the perils of earthquake, and excluding the perils of flood unless specifically required by the Authority) to the Project, and personal property of the Developer or the Owner used to maintain or service the Project construction. Policy limits will be estimated based on the Project's replacement value.

ARTICLE X: TERMINATION FOR CAUSE

Section 10.1 Events of Default by the Developer or the Owner.

(a) The following shall constitute an **"Event of Default"** by the Developer or the Owner:

(1) failure to use diligent efforts to comply with the Schedule of Performance

(other than due to Force Majeure as defined in Section 10.1(b) hereof) and such failure shall continue after expiration of the notice and cure period set forth in Section 10.3(a) hereof; or

(2) the material breach or failure to diligently pursue the obligations under this Agreement (other than due to Force Majeure as defined in Section 10.1(b) hereof) and such failure shall continue after expiration of the notice and cure period set forth in Section 10.3(a) hereof; or

(3) any fraud or willful misconduct on the part of the Developer, the Owner or any of their respective members; or

(4) if the Developer, the Owner, or any of their respective members (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee or liquidator for the Project or for any substantial part of either; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding under the laws of any jurisdiction, or any such proceeding is instituted against the Developer or the Owner in any jurisdiction which is not stayed or dismissed within ninety (90) days after its institution; (iii) files any action or answer admitting, approving or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution or attachment upon its property which interferes with its performance hereunder, and the Developer or the Owner fails within ninety (90) days to discharge such levy, execution or attachment, or to substitute another entity (whether or not an Affiliate) acceptable to the Authority to perform the obligations of the Developer or the Owner without material delay in performance; or (v) is convicted of any criminal offense or violation of law.

(b) For purposes hereof, “**Force Majeure**” shall mean causes beyond the control and without the fault or negligence of the Developer. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a governmental entity in either its sovereign or contractual capacity, (iii) acts of a contractor other than the Developer, or subcontractor, in the performance of an agreement with the Authority (and not pursuant to a contract with the Developer), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) strikes or lockouts, (viii) freight embargoes, (ix) litigation, (x) non-issuance of permits, (xi) lack of HUD approval, (xii) unusually severe weather, (xiii) the presence of Hazardous Materials or archeological finds on the Project Site, (xiv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes, or (xv) in connection with any action that the Authority is required to take pursuant to this Agreement, the Authority’s failure to act within the applicable time period specified in this Agreement.

Section 10.2 Events of Default by the Authority.

(a) The following shall constitute an “**Event of Default**” by the Authority:

(1) if the Authority shall fail to perform its obligations under this Agreement and such failure shall continue after expiration of notice and cure periods set forth in Section 10.3(a) hereof; or

(2) any fraud or willful misconduct on the part of the Authority.

(b) It shall not be an Event of Default if any failure by the Authority arises due to Force Majeure. For purposes hereof, “**Force Majeure**” shall mean causes beyond the control and without the fault or negligence of the Authority. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, refusal, delay or failure to act on the part of a governmental entity (other than the Authority) in either its sovereign or contractual capacity, (iii) acts of another contractor or subcontractor in the performance of an agreement with the Developer (and not pursuant to a contract with the Authority or an affiliate of the Authority), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) strikes or lockouts, (viii) freight embargoes, (ix) litigation, (x) non-issuance of permits, (xi) lack of HUD approval (if applicable), (xii) unusually severe weather, (xiii) the presence of Hazardous Materials or archeological finds on the Project Site, or (xiv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes.

Section 10.3 Procedure for Termination For Cause/Remedies.

(a) The occurrence of any event described in Sections 10.1(a)(1), 10.1(a)(2), 10.2(a)(1) or 10.2(a)(2) hereof shall not constitute an Event of Default unless the non-defaulting Party has delivered written notice of default to the defaulting Party, and such defaulting Party shall fail to cure the default within thirty (30) days from its receipt of such notice or, if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed one hundred twenty (120) days. Notwithstanding the foregoing, if any event described in Sections 10.1(a)(1), 10.1(a)(2), 10.2(a)(1) or 10.2(a)(2) hereof occurs within thirty (30) days of the Closing, the defaulting Party shall have only until the Closing to cure such default.

(b) Upon the occurrence of an Event of Default by either Party, the non-defaulting Party shall be entitled to all remedies permitted by law or at equity, including but not limited to specific performance. No party shall be liable for consequential, punitive, or special damages, including lost profits.

(c) Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties to this Agreement, whether provided by law, in equity or by this Agreement, are cumulative, and not in derogation of other rights and remedies found in this Agreement, or after the Closing, in the Ground Lease. The exercise by either Party of any one or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach, or the exercise of any of such remedies for any other default or breach by the other Party. No waiver made by either Party with respect to the performance, or manner or time of performance, or any obligation of the other Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

ARTICLE XI: REPRESENTATIONS AND WARRANTIES

Section 11.1 The Developer's Warranty of Good Standing and Authority. The Developer represents and warrants to the Authority as follows:

(a) *Organization.* The Developer is duly organized and validly existing under the laws of the State of New Jersey, is in good standing under the laws of the State of Hawai'i and has the power and authority to own its property and carry on its business as now being conducted. The Developer shall provide an opinion to this effect from its counsel at the time of execution of this Agreement.

(b) *Authority of the Developer.* The Developer has full power and authority to execute and deliver this Agreement, to execute and deliver the Ground Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) *Authority of Persons Executing Documents.* This Agreement and all other documents or instruments executed and delivered or to be executed and delivered pursuant or in connection with to this Agreement, have been executed and delivered or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of the Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery, and performance of this Agreement, the Ground Lease, and all other documents or instruments executed and delivered or to be executed and delivered pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of the above-named documents.

(d) *Valid and Binding Agreements.* This Agreement, the Ground Lease, and all other documents or instruments which have been executed and delivered or will be executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of the Developer, enforceable against it in accordance with their respective terms, subject to the laws affecting creditors' rights and principles of equity.

(e) *No Breach of Law or Agreement.* Neither the execution nor delivery of this Agreement, the Ground Lease, or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or another term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) *Pending Proceedings.* Except as disclosed in writing to the Authority prior to

execution of this Agreement, the Developer is not in default under any law or regulation or under any order of any court, board, commission, or agency whatsoever, and, to the best of its knowledge, there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer or the Project at law or in equity, before or by any court, board, commission or agency whatsoever.

(g) *Financial Statements.* The financial statements of the Developer and other financial data and information furnished by the Developer to the Authority fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of the Developer from that shown by such financial statements and other data and information.

Section 11.2 The Authority's Warranty of Good Standing and Authority. The Authority represents and warrants to the Developer that (i) the Authority is a duly organized, validly organized, public body, corporate and politic, and is in good standing under the laws of the State of Hawai'i, (ii) the Authority has all necessary power and authority under the laws of the State of Hawai'i, (iii) this Agreement has been duly entered into and is the legally binding obligation of the Authority, (iv) this Agreement will not violate any judgment, law, consent decree, or agreement to which the Authority is a party or is subject to, and will not violate any law or ordinance under which the Authority is organized, and (v) there is no claim pending, or to the best knowledge of the Authority, threatened, that would impede the Authority's ability to perform its obligations hereunder.

ARTICLE XII MISCELLANEOUS

Section 12.1 Term. This Agreement shall commence upon the Effective Date, and unless sooner terminated in accordance with the provisions herein shall terminate as to the Project upon the Closing. If there is a conflict between this Agreement and the Master Development Agreement, this Agreement shall control.

Section 12.2 Decision Standards. In any approval, consent, or other determination by any party required under this Agreement, the party shall act reasonably and in good faith, unless a different standard is explicitly stated. "Good faith" shall mean honesty in fact in the conduct or transaction concerned based on the facts and circumstances actually known to the individual(s) acting for the party. "Discretion," "sole discretion," "option," "election" or words of similar import in this Agreement denote the party's privilege to act in furtherance of the party's interest.

Section 12.3 Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing and shall be deemed given if (a) sent by overnight express delivery, or (b) mailed by registered or certified mail (return receipt requested), postage prepaid, to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party):

If to the Authority:

Hawaii Public Housing Authority
1002 North School Street
Honolulu, HI 96817

Attn: Hakim Ouansafi, Executive Director
Email: hakim.ouansafi@hawaii.gov

with a copy to:

Department of the Attorney General
of the State of Hawaii
425 Queen Street
Honolulu, HI 96813
Attn: Linda L.W. Chow
Email: linda.l.chow@hawaii.gov

and a copy to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue NW, Suite 400
Washington, DC 20001
Attn: Megan Glasheen
Email: mglasheen@renocavanaugh.com

If to the Developer:

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, California 90248
Attn: Mohannad H. Mohanna
Email: moe.mohanna@housingpartners.com

For Registered/Certified Mail

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, California 90248

with a copy to:

Settle Meyer Law LLC
Pioneer Plaza
900 Fort Street Mall, Suite 1800
Honolulu, Hawaii 96813
Attn: Scott W. Settle
Email: ssettle@settlemyerlaw.com

and a copy to:

Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attn: Christian D. Dubois
Email: cdubois@coxcastle

All such notices and other communications shall be deemed given on the date of delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been deemed given on deposit and deemed received on actual receipt or refusal (i) in the case of delivery by overnight courier or express delivery service, on the date following

dispatch, and (ii) in the case of mailing, on the date specified in the return receipt therefor.

Section 12.4 Time of Performance. All performance dates (including cure dates) expire at 5:00 PM, Honolulu, Hawaii time, on the performance or cure day. A performance date that falls on a Saturday, Sunday, or holiday observed by the Authority is deemed extended to the next business day. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days unless otherwise expressly provided in this Agreement.

Section 12.5 Amendment. Neither this Agreement nor any of its terms may be terminated, amended, or modified except by a written instrument executed by the Parties and, as applicable, the written approval of HUD.

Section 12.6 Litigation and Attorneys' Fees. Should any litigation be commenced between the Parties hereto concerning this Agreement, the subject matter of this transaction, or the rights and duties of either in relation thereto, each party shall pay their own attorneys' fees and costs of litigation. In case the State of Hawai'i shall, without any fault on its part, be made a party to any litigation commenced by or against the State of Hawai'i by a third party, Owner shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State of Hawai'i.

Section 12.7 The Authority Approvals.

(a) For all actions requiring the Authority's approval, the Developer shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: "Important: Your Response is Required in [insert number of days from applicable provision of this Agreement] Days."

(b) The Authority shall have a specified number of days to respond in writing. The Authority's response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For issues identified in this Agreement, this Agreement identifies the number of days that the Authority shall have to respond. For issues not specified, the amount of response time shall be stated in the notice and shall be proportionate to the type and magnitude of the decision. For example, but not in limitation, the decision time for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If the Developer does not receive a response within the specified number of days, it may send the Authority a notice of non-response, which shall be delivered to the Executive Director of the Authority in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, "Important: Notice of Non-response." Following the giving of this notice, the Authority will have five (5) days in which to respond. If the Authority does not respond within such five (5) days, the Authority shall be deemed to have approved the action.

(d) [Reserved.]

Section 12.8 Representatives. To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party's

obligations under this Agreement. The Parties initially appoint the following as representatives:

Authority:	Hakim Ouansafi
Developer:	Mohannad H. Mohanna
Owner:	Mohonnad H. Mohanna

Section 12.9 Further Assurances. Each Party will promptly execute and deliver without further consideration such additional agreements and other documents as the other Parties may reasonably request to carry out the transactions contemplated herein, so long as the Parties' rights and obligations thereunder are not substantively affected, modified or otherwise altered by such additional agreements and other documents, except as mutually agreed to between the Parties. Whenever this Agreement requires any Party to submit matters to another Party for approval, and there is no time specified herein for such approval, the submitting Party may submit a letter requiring approval or rejection by the other Party of the documents or matter submitted within twenty (20) days after submission or within sixty (60) days of submission if the document or matter requires approval by the Authority Board (unless another time frame is expressly set forth herein), and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving Party, all approvals required hereunder by any Party shall be reasonable and not unreasonably withheld, conditioned, or delayed.

Section 12.10 Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

Section 12.11 Interpretation and Governing Law. This Agreement shall not be construed against the party who prepared it but shall be construed as though prepared by both Parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawai'i. Any lawsuit to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement shall be filed in Hawaii state court in the County of Honolulu. This Agreement is subject to the HUD General Conditions attached as Exhibit I of the Master Development Agreement and the Hawaii General Conditions (AG-008 103D) attached as Exhibit J to the Master Development Agreement; provided, however, that only Sections 2, 4, 5, 8, 24, 25, 31, 33, and 42 of the Hawaii General Conditions shall apply to this Agreement. The Developer shall comply with the terms and provisions of this Agreement, the HUD Requirements to the extent applicable to the transactions contemplated herein, and the Hawaii General Conditions to the extent applicable to the transactions contemplated herein. If there is a direct conflict among any of the foregoing, the following order of precedence shall apply: (a) HUD Requirements, unless the Hawaii General Conditions are more restrictive than the HUD General Conditions regarding the provision under consideration, in which case the latter shall control with regard to such provision; (b) the terms and provisions of this Agreement; and (c) the Hawai'i General Conditions.

Section 12.12 Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

Section 12.13 Final Agreement. This Agreement, together with Exhibits attached hereto, represents the final agreement of the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior or contemporaneous oral or written agreements of the Parties. There are no unwritten oral agreements between the Parties.

Section 12.14 Limitation of Liability. Except as may be expressly set forth herein, no present or future member, partner, shareholder, participant, employee, agent, commissioner, director, or officer of or in the Developer or any transferee shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Developer under this Agreement. No present or future employee, agent, commissioner, director, or officer of or in the Authority shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Authority under this Agreement.

Section 12.15 The Developer Not an Agent. Nothing in this Agreement shall be deemed to appoint the Developer as an agent for or representative of the Authority, and the Developer is not authorized to act on behalf of the Authority with respect to any matters except those specifically set forth in this Agreement. The Authority shall not have any liability or duty to any person, firm, corporation, or governmental body for any act of omission or commission, liability, or obligation of the Developer, whether arising from actions under this Agreement or otherwise.

Section 12.16 Conflict of Interest. The Developer represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant, or contractor of the Authority or the City has any direct or indirect personal interest in this Agreement or participated in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested. The Developer further represents and warrants to the Authority that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Agreement) any money or other consideration for obtaining this Agreement.

Section 12.17 Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorized representatives of the Authority and the Developer, as applicable.

Section 12.18 Successors. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties.

Section 12.19 Headings; Exhibits. The headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The Exhibits attached hereto are hereby incorporated into this Agreement by this reference.

Section 12.20 Construction. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other genders. The terms “herein”, “hereof”, “hereto”,

“hereunder” and similar terms refer to this Agreement and not to any particular section or subsection of this Agreement. The terms “include” and “including” shall be interpreted as if followed by the words “without limitation”. All references in this Agreement to sums denominated in dollars or with the symbol “\$” refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency.

Section 12.21 Cumulative Rights. The rights, powers, options, and remedies given to the Parties under this Agreement shall be cumulative, except as otherwise specifically provided for in this Agreement.

Section 12.22 Business Licenses. The Developer has obtained or will obtain all licenses required to conduct its business in the City and State of Hawai‘i and is not in default of any fees or taxes due to the State of Hawaii or the City.

[Signature page(s) to follow.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

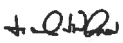
AUTHORITY:

HAWAII PUBLIC HOUSING AUTHORITY,
a public body corporate and politic

By: 

Hakim Ouansafi
Executive Director

APPROVED AS TO FORM:



Linda L.W. Chow
Deputy Attorney General

SIGNATURES CONTINUE ON FOLLOWING PAGE(S).

DEVELOPER:

KPLR PHASE 1, LP,
a Hawaii limited partnership

By: HCDC Kuhio Park 1 LLC,
a Hawaii limited liability company
Its General Partner

By: HCDC Hawaii Development LLC,
a Hawaii limited liability company
Its Manager

By: Highridge Costa Development Company,
LLC, a Delaware limited liability
company
Its Manager

By: 
[Moe Mohanna \(Apr 24, 2025 12:06 PDT\)](#)
Mohannad H. Mohanna
Its: President

OWNER:

KPLR PHASE 1, LP,
a Hawaii limited partnership

By: HCDC Kuhio Park 1 LLC,
a Hawaii limited liability company
Its General Partner

By: HCDC Hawaii Development LLC,
a Hawaii limited liability company
Its Manager

By: Highridge Costa Development Company,
LLC, a Delaware limited liability
company
Its Manager

By: 
[Moe Mohanna \(Apr 24, 2025 12:06 PDT\)](#)
Mohannad H. Mohanna
Its: President

EXHIBIT A

PROJECT SITE DESCRIPTION

[Attached]

Tax Map Key No. (1) 1-3-039:006:

FIRST:

All of that certain parcel of land, being portion(s) of the land(s) described in and covered by unrecorded Royal Patent Grant 3286, Land Commission Award Number 7151 to Kanemakua, unrecorded Royal Patent Grant Number 1253, Land Commission Award Number 1207 to Hopuia, unrecorded Royal Patent Number 1499, Land Commission Award Number 1198, Apana 1 to Kaohale, unrecorded Royal Patent Number 2522, Land Commission Award Number 1292, Apana 3 to U. Kanakanui for Kailihiwa and unrecorded Royal Patent Number 1497, Land Commission Award Number 1677, Apana 1 to Pao, unrecorded Royal Patent Number 3273 to Aniani, unrecorded Royal Patent Number 3293 to Aiona and unrecorded Royal Patent Number 6264, Land Commission Award Number 1290 to Ilipaka for Kahoopii; and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing, situate, lying and being at Kaluaopalena, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Number (1) 1-3-039-006 and containing an area of 151,165 square feet, more or less.

Excepting and excluding there from all of and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing.

SECOND:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 1-A, area 1,435 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

LOT 2-A, area 3,519 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

THIRD:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2-B-3, area 348 square feet, more or less, as shown on Map 8, filed in the Office of the LOT 3-B, area 14,844 square feet, more or less, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

Being the property described in and covered by Transfer Certificate No. 114,462.

Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1331 of Charles Sadao Umeda.

Being the property described in and covered by Transfer Certificate No. 117,007.

Being the premises acquired by:

QUITCLAIM DEED

Recorded	:	in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page 436
Grantor	:	UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee	:	HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii.

FINAL ORDER OF CONDEMNATION dated and filed in the Circuit Court, First Circuit, State of Hawaii, Law No. 22394, on December 29, 1965, January 28, 1966 and June 3, 1966 recorded in the Bureau of Conveyances, State of Hawaii, as Book 5720, Page 183, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. [413564](#), by HAWAII HOUSING AUTHORITY, a public body and a body corporate and politic, Petitioner.

CONFIRMATION OF OWNERSHIP dated October 21, 2015, recorded October 22, 2015 in the Bureau of Conveyances, State of Hawaii, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. [T-9425238](#).

NOTE: Land Court Order No. [131893](#), filed June 30, 1998, HOUSING FINANCE AND DEVELOPMENT CORPORATION transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII.

NOTE: Land Court Order No. [171024](#), filed June 21, 2007, HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HAWAII PUBLIC HOUSING AUTHORITY.

CONFIRMATION OF OWNERSHIP dated October 21, 2015, recorded October 22, 2015 in the Bureau of Conveyances, State of Hawaii, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. [T-9425238](#).

Tax Map Key No. (1) 1-3-039:008:

All of that certain of parcel of land (being portion(s) of the land described in and covered by Royal Patent 4542, Land Commission Award Number 818, Apana 6 to Heirs of George Beckley; Royal Patent Number 1253, Land Commission Award Number 1207 to Hopuia; Royal Patent 672, Land Commission Award Number 1541 to Kamoku; Royal Patent Grant Number 3270 to Kale; Royal Patent 71, Land Commission Award Number 4887, Apana 3 to Sam Thomas; Royal Patent 6888, Land Commission Award Number 3237, Apana 5 to Hewahewa; Royal Patent 604, Land Commission Award Number 803, Apana 6 to A. Adams; Royal Patent 4545, Land Commission Award Number 818, Part 7, Apana 13 to Heirs of George Beckley; Royal Patent 3400, Land Commission Award Number 7155 to Kawauke, Royal Patent Number 4164, Land Commission Award Number 1313-B, Apana 2 to Kauwahi and Royal Patent Number 4545, Land Commission Award Number 818, Part 7 to Heirs of George Beckley) being PARCEL 1-B, situate, lying and being at Kaliawa, Kaluaopalena, Kukahi, Kionawawana, Paapaa, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Designation (1) 1-3-039-008 and containing an area of 144,493 square feet, more or less.

Being the premises acquired by:

QUITCLAIM DEED

Recorded	:	in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page 436
Grantor	:	UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee	:	HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii

NOTE: Act 337, Session Laws of Hawaii 1987, effective July 1, 1987, bifurcated the HAWAII HOUSING AUTHORITY into two separate state agencies known as the HOUSING FINANCE AND DEVELOPMENT CORPORATION and the Hawaii Housing Authority.

NOTE: Act 380, Session Laws of Hawaii 1997, effective July 1, 1998, HOUSING FINANCE AND DEVELOPMENT CORPORATION transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII.

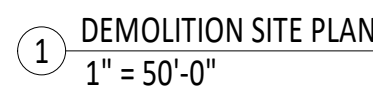
NOTE: Act 180, Session Laws of Hawaii, effective July 1, 2006, HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HAWAII PUBLIC

HOUSING AUTHORITY. CONFIRMATION OF OWNERSHIP dated April 8, 2016, recorded April 13, 2016 in the Bureau of Conveyances, State of Hawaii, as Document No. A-59470641.

EXHIBIT A (continued)

MAP OF PROJECT SITE

[Attached]



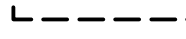
SHEET NOTES

1. ALL ITEMS NOT SPECIFICALLY NOTED FOR REMOVAL SHALL BE PROTECTED IN PLACE.
2. CONTRACTOR TO VERIFY (E) CONDITIONS. IN CASE OF CONFLICT BETWEEN DRAWINGS AND (E) CONDITIONS, NOTIFY THE ARCHITECT.
3. SAFELY REMOVE ALL HAZARDOUS MATERIALS.

KEY NOTES

0201	REMOVE EXISTING BUILDING
0203	REMOVE EXISTING CONCRETE WALKWAY
0204	REMOVE EXISTING VEGETATION
0207	EXISTING TREES TO REMAIN
0208	REMOVE EXISTING GATE
0211	REMOVE EXISTING PARKING LOT

LEGEND

	EXISTING BUILDING TO BE DEMOLISHED
	EXISTING SITEWORK TO BE DEMOLISHED, REFER TO KEY NOTES ABOVE
	EXISTING BUILDING TO REMAIN
	AREA NOT IN SCOPE
	PROPERTY LINE

PHASE 1 DEMOLISHED BUILDINGS				
	2 BED	3 BED	4 BED	TOTAL
BLDG A-1	2	2	2	6
BLDG A-2	2	2	2	6
BLDG A-3	2	2	2	6
BLDG A-4	2	2	2	6
BLDG A-5	2	2	2	6
BLDG A-6	2	2	2	6
BLDG D-3			2	2
BLDG D-4			2	2
BLDG C-4			4	4
BLDG C-5			4	4
BLDG C-6			4	4
BLDG C-7			4	4
BLDG C-8			4	4
TOTAL	12	12	36	60

NOTE: UNIT NUMBERS ARE BASED ON AVAILABLE INFORMATION AND HAVE NOT BEEN FIELD VERIFIED.

lowney
arch

TEL 808.769.6808 **URL** lowneyarch.com

**KUHIO PARK
LOW-RISES & HOMES
REDEVELOPMENT -
PHASE 1**

HAWAII PUBLIC
HOUSING AUTHORITY

1449 AHONUI ST, HONOLULU, HI 96819
TMK: 13039006, 13039008

DESCRIPTION: AFFORDABLE MULTI-FAMILY RENTAL HOUSING PROJECT, INCLUDING FOUR RESIDENTIAL BUILDINGS AND AMENITIES

PALEKANA PERMITS
THIRD PARTY CERTIFICATION

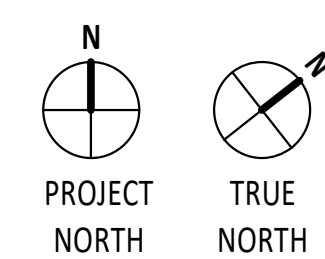
- ☐ BUILDING CODE ☐ ELECTRICAL CODE
☐ MECHANICAL CODE ☐ RESIDENTIAL CODE
☐ STRUCTURAL (NON-SINGLE/FAMILY DWELLINGS)

STAMP



This work was prepared by me or under my supervision and construction of the project will be under my observation. (Observation of construction as defined in Chapter 16-115. Subchapter 1 Definitions of the Hawaii Administrative Rules, Professional Engineers, Architects, Surveyors, and Landscape Architects.)

SIGNATURE _____ APRIL 30, 2024

[illegible]

DRAWN BY: Author
PROJECT NUMBER: 20-410
SHEET ISSUE DATE: 08/30/23
SHEET TITLE:

DEMOLITION SITE PLAN

SHEET NUMBER

A-002

ALL DRAWINGS AND WRITTEN MATERIAL APPEARING HEREIN CONSTITUTE ORIGINAL AND UNPUBLISHED WORK OF THE ARCHITECT AND MAY NOT BE DUPLICATED, USED OR DISCLOSED WITHOUT WRITTEN CONSENT OF THE ARCHITECT ©

EXHIBIT B

SCOPE OF DEVELOPMENT

[Attached]

EXHIBIT B

Scope of Development

LOCATION:

1441 Ahonui Street & 1472 Linapuni Street, Kalihi, City & County of Honolulu, Island of Oahu, State of Hawaii

TAX MAP KEY:

Division 1, Zone 1, Section 3, Plat 39, Parcels 06 and 08 (portion of).

SCOPE OF DEVELOPMENT:

The subject property involves a proposed subdivision (via CPR) of the Kuhio Park Terrace property to create a 156,474 square foot (3.592 acre) stand-alone site. Phase 1 includes demolition of 13 buildings which will be replaced by four buildings for a total of 304 units (including two managers' units). Unit mix includes studios, 1 bedrooms, 2 bedrooms, 3 bedrooms and 4 bedrooms. Building 1 will be 8 levels with 103 units. Building 2 will be 6 levels with 59 units. Buildings 3 and 4 will be 6 levels with 71 units in each building.

BUILDING 1							
LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
8	13	0	2	4	4	3	
7	13	0	2	4	4	3	
6	13	0	2	4	4	3	
5	13	0	2	4	4	3	
4	13	0	2	4	4	3	
3	13	0	2	4	4	3	
2	13	0	2	4	4	3	
1	12	0	2	4	3	3	Lobby, Mail, Gathering Room
TOTAL	103	0	16	32	31	24	
UNIT MIX		0%	16%	31%	30%	23%	
ADA UNITS		STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY		0	1	2	2	2	7
2% COMMUNICATION		0	1	1	1	1	4

BUILDING 2							
LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	11	0	3	5	2	1	
5	11	0	3	5	2	1	
4	11	0	3	5	2	1	
3	11	0	3	5	2	1	
2	11	0	3	5	2	1	
1	4	0	1	1	2	0	Lobby, Mail, Computer Lab, Fitness Room, Restrooms, Warming Kitchen, Blue Room, Multipurpose Room, Social Services, Management Suite
TOTAL	59	0	16	26	12	5	
UNIT MIX		0%	27%	44%	20%	8%	
ADA UNITS		STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY		0	1	2	1	1	5
2% COMMUNICATION		0	1	1	1	1	4

BUILDING 3							
LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	12	4	4	4	0	0	
5	12	4	4	4	0	0	
4	12	4	4	4	0	0	
3	12	4	4	4	0	0	
2	12	4	4	4	0	0	
1	11	3	5	3	0	0	Lobby, Mail
TOTAL	71	23	25	23	0	0	
UNIT MIX		32%	35%	32%	0%	0%	
ADA UNITS		STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY		1	2	2	0	0	5
2% COMMUNICATION		1	1	1	0	0	3

BUILDING 4							
LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	12	4	4	4	0	0	
5	12	4	4	4	0	0	
4	12	4	4	4	0	0	
3	12	4	4	4	0	0	
2	12	4	4	4	0	0	
1	11	3	5	3	0	0	Lobby, Mail
TOTAL	71	23	25	23	0	0	
UNIT MIX		32%	35%	32%	0%	0%	
ADA UNITS		STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY		1	2	2	0	0	5
2% COMMUNICATION		1	1	1	0	0	3

PHASE 1 TOTALS							
UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED		
304	46	82	104	43	29		
	15%	27%	34%	14%	10%		
ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL	
6.5% MOBILITY	2	6	8	3	3	22	
2% COMMUNICATION	2	4	4	2	2	14	



EXHIBIT C

SCHEDULE OF PERFORMANCE

[Attached]

EXHIBIT C SCHEDULE OF PERFORMANCE

Project Name: Kuhio Park (KPT)		End of July 2025 Closing	Status (as of 3/5/2025)	Latest Date for Completion
Thresholds to Request Honolulu City Council Authorization for Bond Issuance				
1	Preconditions to be Satisfied:			
	a.	Universal Assignment of Development Agreement, entitlements, permits, Environmental Assessment	completed, pending required HPHA board approval	3-Mar-25
	b.	Significant/primary contracts that require individual assignment, assumption and consent (from the Consultants or Vendors)	to be drafted	5-Apr-25
	c.	Site Control: Option to Lease with Developer	completed	3-Mar-25
	d.	Evidence and Assignment of Building Permits	completed	3-Mar-25
	e.	Disposition and Development Agreement (DDA) - approved by Developer and HPHA		7-Mar-25
2	TEFRA Hearing			
	a.	TEFRA Hearing - Original Bond Award Amount (\$92,995,000)	completed	3/3/2025
	b.	Bond Counsel to advise if another TEFRA Hearing required due to additional bonds		
3	MF Bonds			
	a.	Architect's certificate from Developer's Tax Certificate signed		15-May-25
	b.	Accountant's sign-off as to language of Certificate from Developer's Tax Certificate		1-Jun-25
	c.	Provision in Bond Documents for the Bond Admin. Fee payment including documentation on the fee calculation (bond balance)		1-Jun-25
	d.	List of amounts to be reimbursed with bond proceeds, by amount, item and date of expenditure		15-Jun-25
	e.	Final "good money/bad money" detail as to expenditure of bond proceeds		15-Jul-25
	f.	Final Sources and Uses Grid (what sources will pay which costs)		15-Jul-25
	g.	Detailed Expected Draw Schedule for Bonds		1-Jun-25
	h.	Bond Terms Finalized (except for perm loan rate lock)		1-Jun-25
4	Appraisal			15-May-25
	a.	Rental Housing Revolving Fund: Compliance with statutory 100% LTV requirement. Calculated as all debt senior to and including the Rental Housing Revolving Fund loan divided by the appraised value.		15-May-25
5	ALTA Survey - draft circulate to all parties for review			1-May-25
6	Rental Housing Revolving Fund: Finding of No Significant Impact or Environmental Impact Statement requirement through the Office of Environmental Quality Control			1-May-25
6	Final Review Letter from Disability and Communication Access City Board (DCAB) If there are any changes or revisions to the DCAB approved plans, submit a certification from the Architect and the Project Owner that all changes and revisions were submitted to and approved by DCAB. –			15-May-25
8	Lender Credit Approval			1-Jul-25
9	Credit Enhancement Approval			N/A
10	LIHTC Equity			
	a.	Federal LIHTC Investor Approval		1-Jul-25
	b.	State LIHTC Investor Approval		1-Jul-25
11	HUD - Submittal Date for Final Approval			

	a.	Disposition and Development Agreement (DDA) and Ground Lease		1-May-25
	b.	Subsidy Layering Review		1-May-25
	c.	Condo Property Regime (CPR)		1-May-25
	d.	HUD Declaration of Restrictive Covenants and Use Agreement		1-May-25
11	Other Financing Sources (City/County Loan - HPHA) Funding Approval			1-Jun-25
12	Credit Enhancement Approval (if any)			N/A
13	Construction Contract Signed			1-Jul-25
14	HUD/USDA – Contracts and Loan Documents			
	c.	Loan Documents Finalized –		N/A
	d.	Rental Assistance Contract Documents Finalized –		N/A
15	Sign Off on Rental Housing Revolving Fund Documents:			3-Jun-25
	a.	Owner/Developer		3-Jun-25
	b.	Credit Enhancement Provider		3-Jun-25
	c.	Underwriter/Bond Investor		3-Jun-25
	d.	LIHTC Investor		3-Jun-25
16	Other Financing Sources (City/County Loan - HPHA) -\$8,000,000			3-Jun-25
	b.	Loan Documents Finalized –		3-Jun-25
17	Counsel sign off for the following parties, that they have no open legal or business items:			1-Jul-25
	a.	Developer		1-Jul-25
	b.	Credit Enhancement Provider		N/A
	c.	Bond Investor/Underwriter		1-Jul-25
	d.	LIHTC Investor		1-Jul-25
	e.	Other Financing Source Lender		1-Jul-25
City and County of Honolulu Committee Approval				24-Jun-25
City and County of Honolulu Full Council Approval				9-Jul-25
Hawaii Housing Finance and Development Corporation - Board Meeting to Authorize Closing				10-Jul-25
Thresholds to Schedule Bond Closing:				
18	Document Submittals to Bond Issuer			
	a.	Reserved		15-Jul-25
	b.	Corporate Documents – Project Owner and Constituent Entities		15-Jul-25
		1) Partnership Agreement		15-Jul-25
		2) Partnership Certificate		15-Jul-25
		3) Articles of Incorporation or Articles of Organization		15-Jul-25
		4) By Laws or Operating Agreement		15-Jul-25
19	Issuer's Tax Certificate completed and all parties ready to sign			15-Jul-25
20	City officials available to sign documents during the proposed time frame			15-Jul-25
21	Title - Confirmation of availability of Gap Insurance at Close			15-Jul-25
22	Final list of documents to be recorded given to Title Company			21-Jul-25
23	ALTA Survey - Final			21-Jul-25
24	Sign off from Title Company that all recordable documents are in proper recordable order; recording schedule works			23-Jul-25
25	Final Est Settlement Statement - provided by Title for sign-off by all parties			24-Jul-25
26	Reservation of entire Bond Counsel fee - reflected in Final Est Settlement Statement			24-Jul-25
27	Final Executed Documents - circulated to be held in Escrow by counsel for Closing			28-Jul-25
28	Quiet Day - final verification of complete documents			29-Jul-25
29	Litigation Search - AG's Office provides confirmation of No Litigation			30-Jul-25
30	CLOSING			30-Jul-25

EXHIBIT D
CONCEPT PLAN

[Attached]

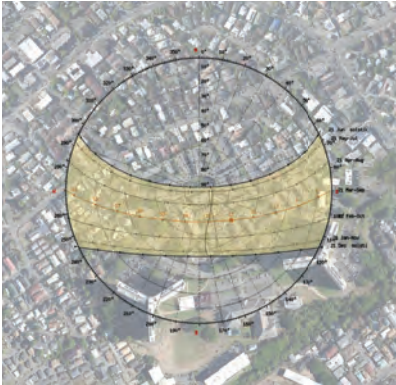


Kuhio Low Rise Development Plan

Kuhio Park Terrace
Kalihi, O'ahu

CONCEPT DESIGN

April 7, 2022



SOLAR diagram

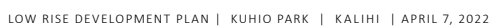
WIND flows from the north and mauka to makai.

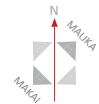


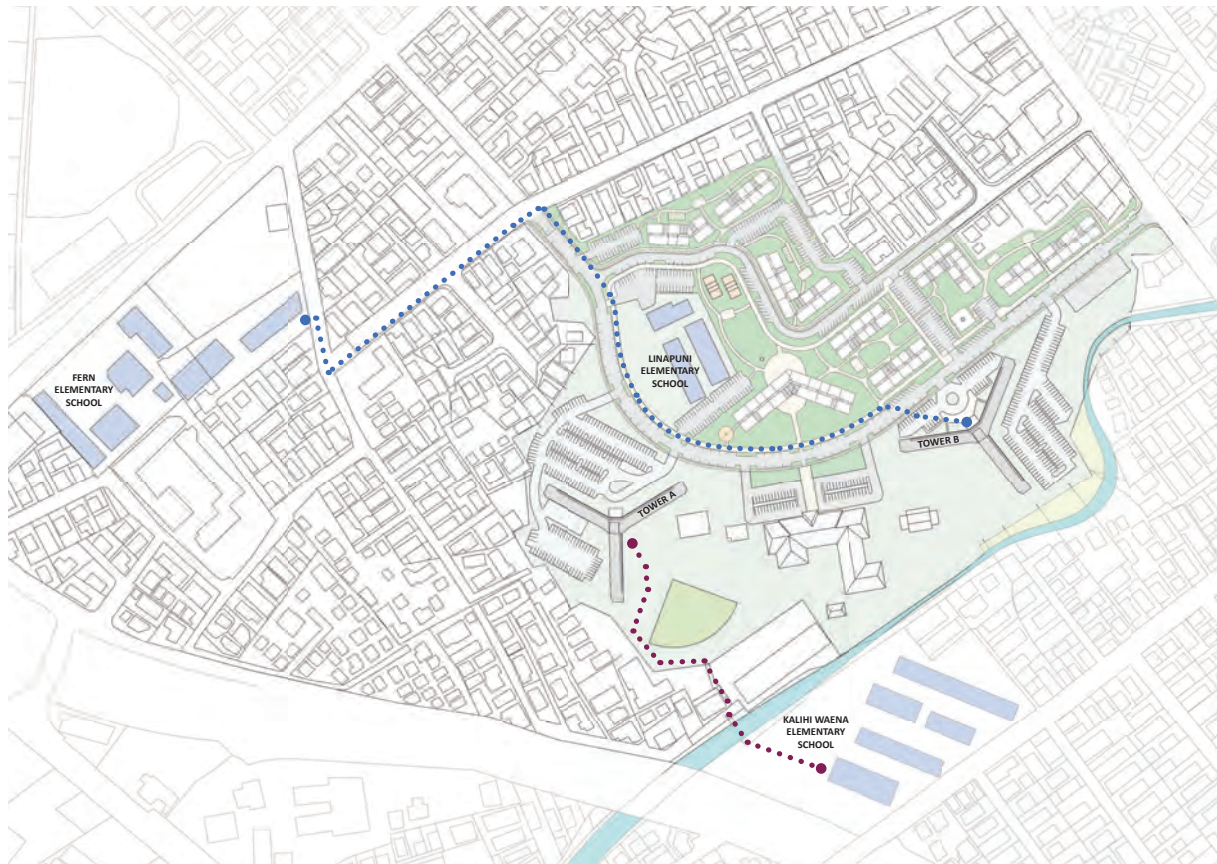
AREA MAP & CLIMATE DATA











SCHOOL

●●●● WALKING SCHOOL BUS TO
KALIHI WAENA ELEMENTARY
APPROX .2 MILES

●●●● WALKING SCHOOL BUS TO
FERN ELEMENTARY
APPROX .5 MILES

NOTES

- LINAPUNI ELEMENTARY IS PRE-K TO 1ST GRADE
- TOWER A YOUTH ATTEND KALAKAUA INTERMEDIATE
- TOWER B YOUTH ATTEND DOLE MIDDLE SCHOOL
- ALL ATTEND FARRINGTON HIGH SCHOOL

SCHOOL ROUTES



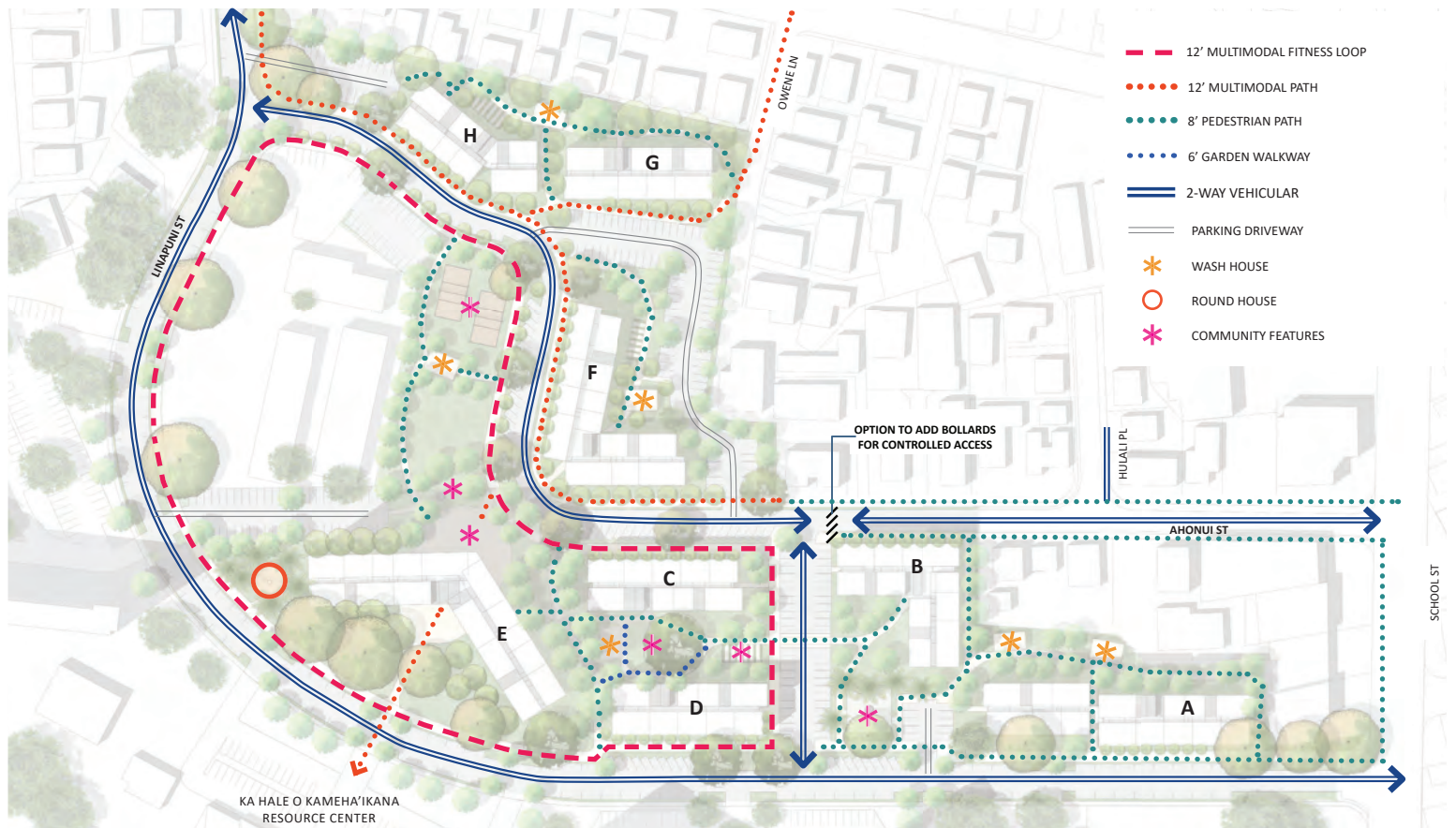
EXISTING BRIDGE AT RICHARD LANE:



- ||||| UPGRADE EXISTING BRIDGE, PROVIDE ADA ACCESSIBILITY
- ||||| NEW POTENTIAL STREAM CROSSINGS AT GERTZ LN & AMELIA ST

EXISTING BRIDGE FROM KAMEHEMEHA FIELD TO RICHARD LANE:







EXISTING BUILDINGS



COMMUNITY OPEN SPACES

FITNESS LOOP - 12' WIDE PERIMETER PATHWAY

MARKET HALE - TOWER BREEZEWAY

PLAY AREAS - NATURAL PLAYGROUND

SPORTS FIELDS - BASKETBALL & VOLLEYBALL

PUBLIC ART - LOCAL & COMMUNITY ARTISTS



GATHERING PLACES

ROUND HOUSE & VILLAGE GREEN

WASH HOUSES - LAUNDRY, MAIL, AND MEETING AREAS

OUTDOOR DINING AREAS

KEIKI EDUCATIONAL ACTIVITIES

TOWER COMMUNITY CENTER SPACE



VILLAGE COURTYARDS

OUTDOOR LIVING ROOMS

IDENTITY - EACH COURTYARD WITH A SPECIFIC CANOPY TREE

SECURITY

INCREASED DENSITY & DIVERSITY OF UNIT TYPES



LANDSCAPE & SITE WORK

PRESERVE EXISTING TREE CANOPY

AGRICULTURAL FRUIT TREES

TEXTILE PLANTS - CULTURALLY SIGNIFICANT

COMMUNITY GARDENS

LARGE CANOPY STREET TREES

PATHWAYS AND 'LEI OF GREEN'

COMPLETE STREETS

TRAFFIC CALMING MEASURES



PACIFIC ISLAND CULTURE

'WEAVING' CONCEPT - CONNECTED GREENWAYS AND LINK TO PACIFIC ISLAND CULTURE

FORMS INSPIRED BY TRADITIONAL STRUCTURES

UNITY ACROSS CULTURES - GATHERING AROUND THE IMU

PERFORMANCES & CRAFTS



WELLNESS & SUSTAINABILITY

HEALTHY, WALKABLE, CONNECTED COMMUNITY

ACCESSIBILITY - ADA PATHS, EVERY BUILDING HAS ELEVATORS

STORM WATER MANAGEMENT & BIOSWALES

SOLAR ENERGY



***COMMUNITY MEETING BOARD #2**

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

CNI MASTER PLAN GOALS

lowney arch

Michaels



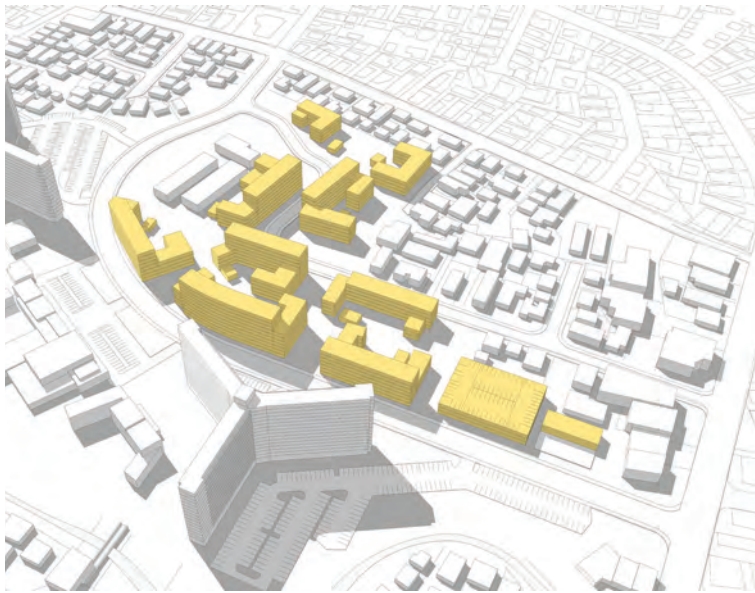
EXISTING
DISCONNECTED OPEN SPACE



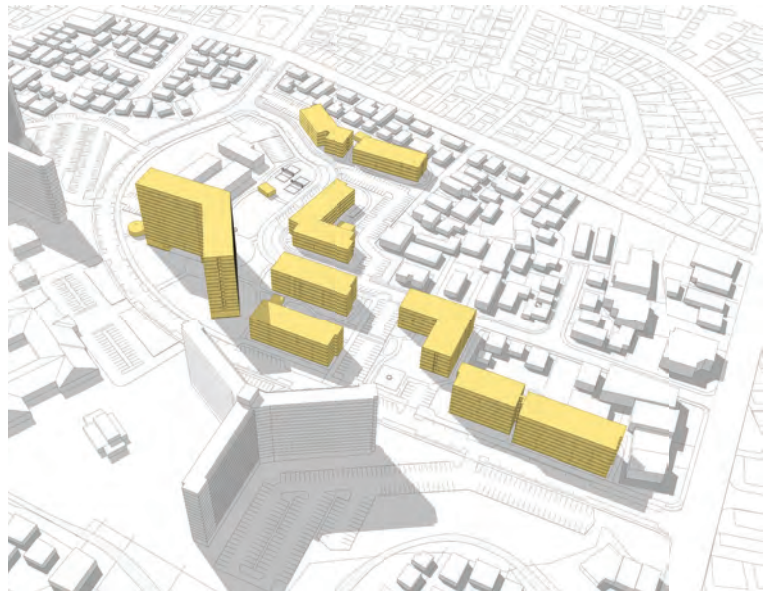
CNI PLAN
COURTYARDS



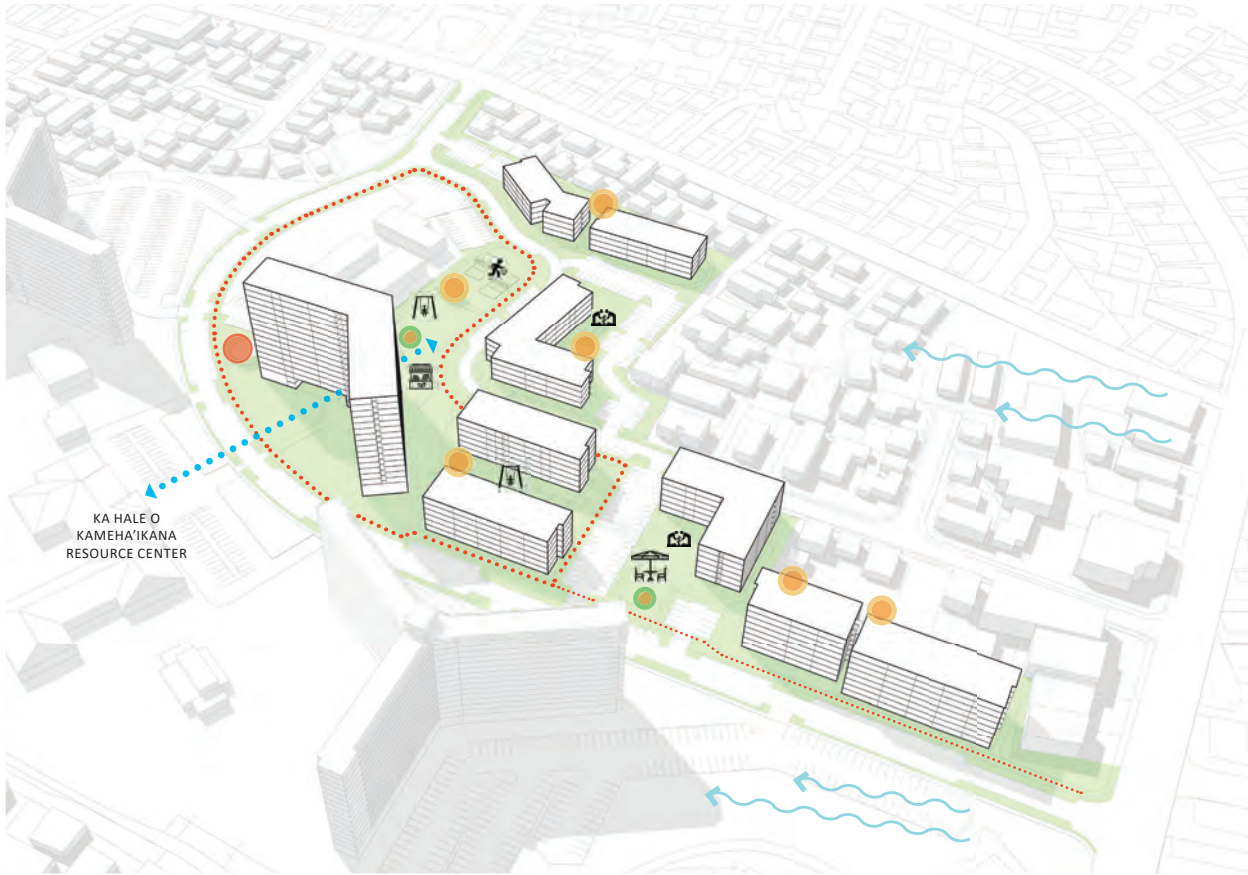
PROPOSED
IMPROVED CONSOLIDATION
OF COMMUNITY OPEN SPACES



CNI PLAN
SINGLE-LOADED BLDGS, HIGH DENSITY SCHEME
APPROX 400 UNITS



PROPOSED
DOUBLE-LOADED BUILDINGS
APPROX 653 UNITS



- ROUND HOUSE
- WASH HOUSE
- IMU
- ● ● AXIAL PATH
- ● ● ● ● FITNESS LOOP
- PLAYGROUND
- OUTDOOR DINING
- SPORTS
- MARKET HALE
- COMMUNITY GARDEN
- ~ ~ ~ ~ ~ PREVAILING WIND

OPEN SPACE AMENITIES



EXISTING TREE CANOPY SERVES AS A COMMUNITY AMENITY



EXISTING SITE - SIGNIFICANT TREES



PROPOSED SITE - SIGNIFICANT TREES PRESERVED



***COMMUNITY MEETING BOARD #3**
 LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

SITE PLAN





***COMMUNITY MEETING BOARD #4**

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

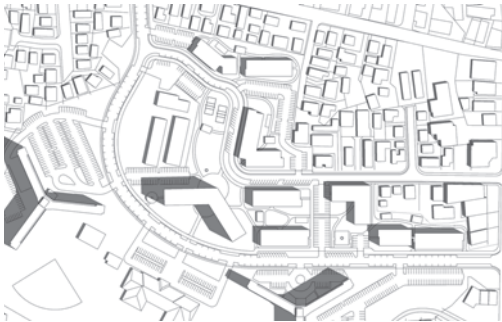
OVERALL AERIAL VIEW



SUMMER SOLSTICE



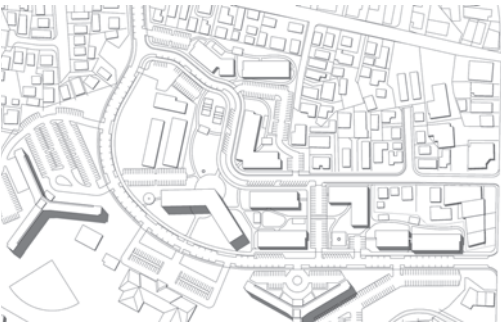
9 am



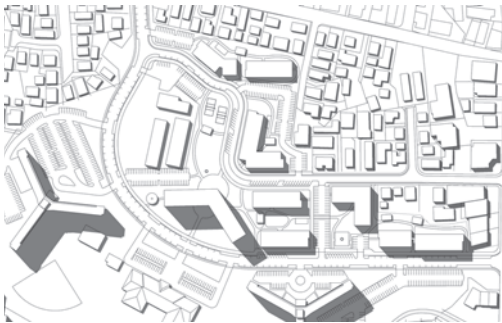
10:30 am



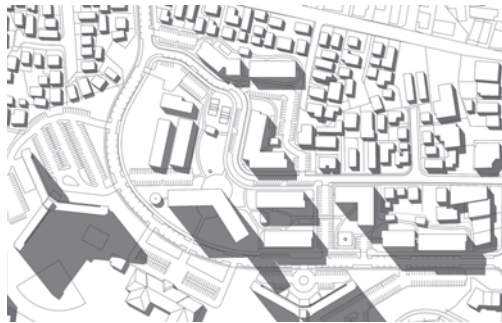
noon



1:30 pm

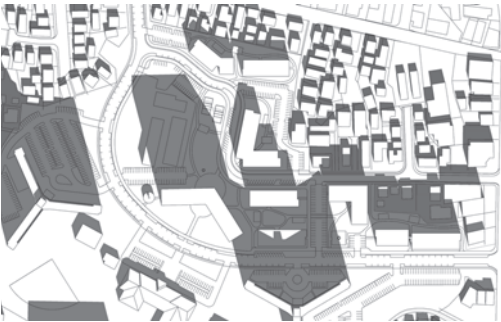


3 pm



4:30 pm

WINTER SOLSTICE



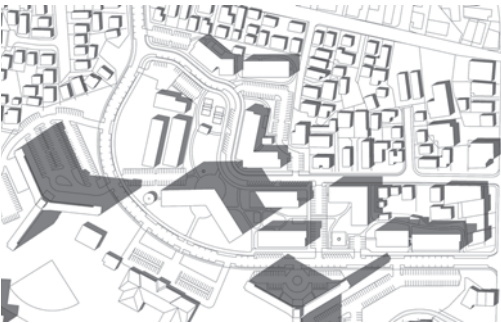
9 am



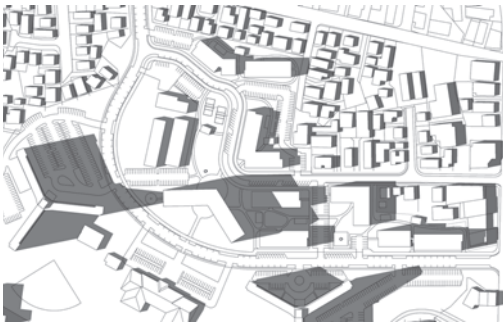
10:30 am



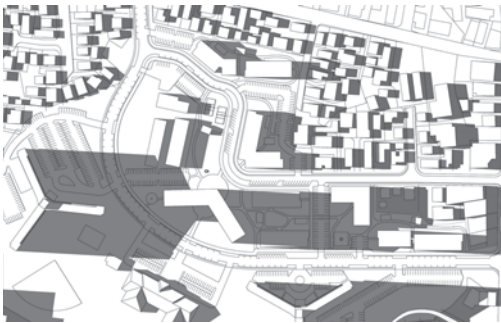
noon



1:30 pm



3 pm



4:30 pm





coconut



monkeypod



plumeria variety



plumeria variety



puakenikeni



ulu



noni



mango



lychee



rambutan



starfruit



citrus (lime)



citrus (tangerine)



papaya



banana



cherimoya



soursop



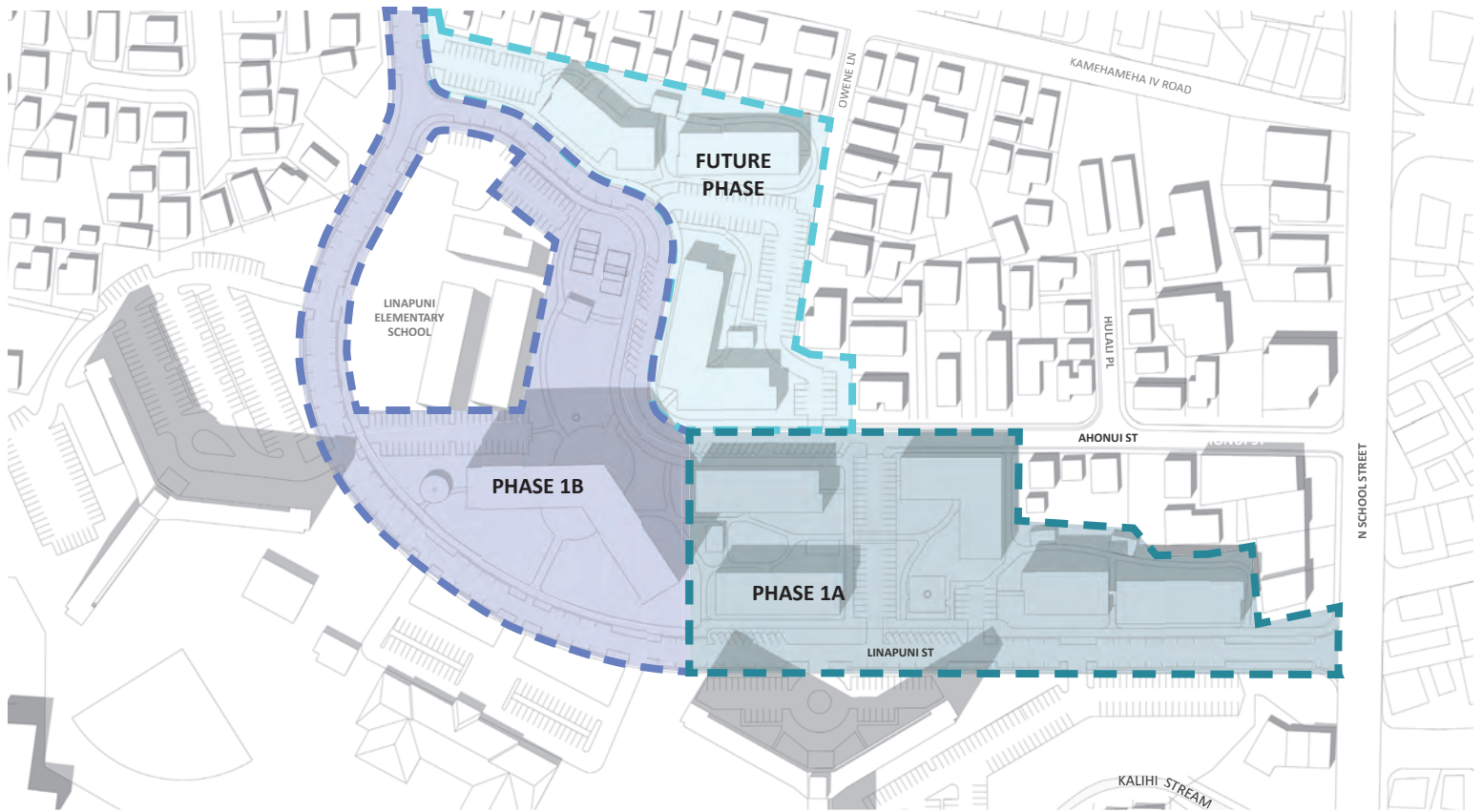
sapodilla



sapote

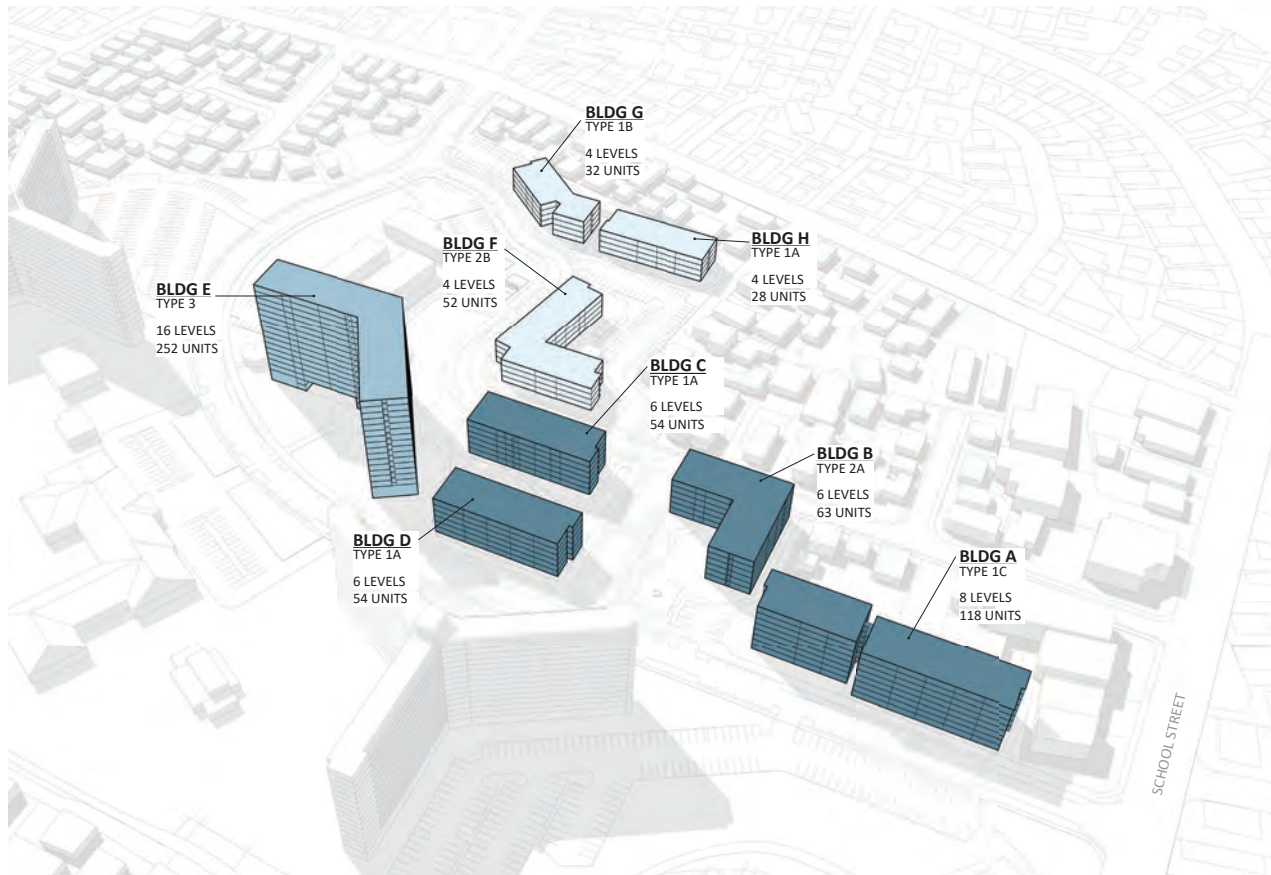


tamarind



PHASING PLAN





PHASING

	PHASE 1A
	PHASE 1B
	FUTURE PHASE

BUILDING TYPE

	TYPE 1 "BAR"
	TYPE 2 "L"
	TYPE 3 "V"

PROPOSED UNITS:

1 Bedroom	135	21%
2 Bedroom	288	44%
3 Bedroom	146	22%
4 Bedroom	76*	12%
5 Bedroom	8*	1%

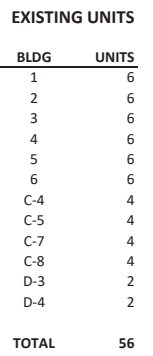
Total units: 653

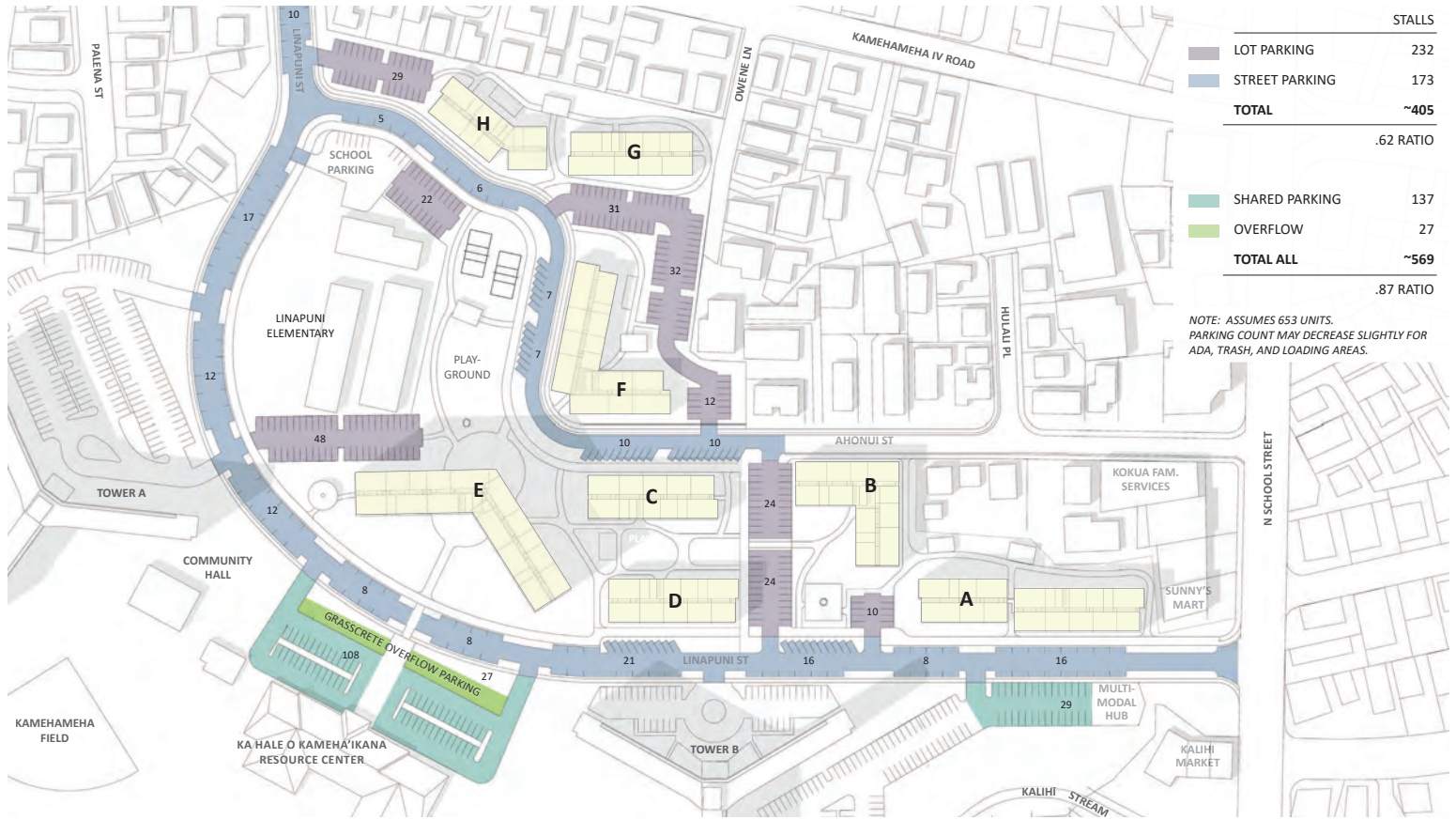
**Replacement units*

***Ratios are still being studied and adjusted, particularly with respect to the current water allocation shortages.*

INCREASED HOUSING DIVERSITY

- 174 units to be made available as Section 18 units.
- 50 units to be designated as RAD units.
- The remaining balance to between 30% to 80% AMI.

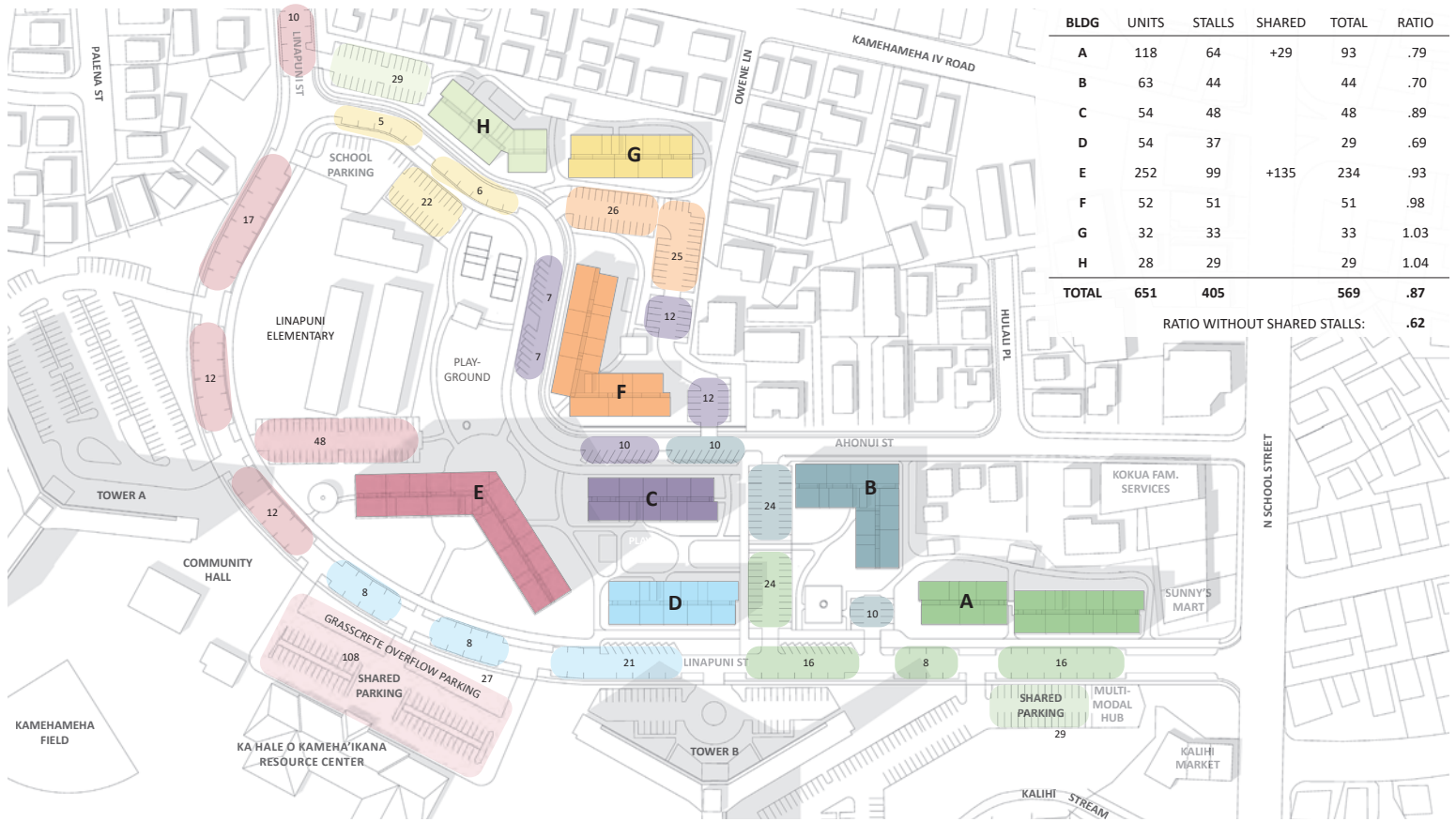




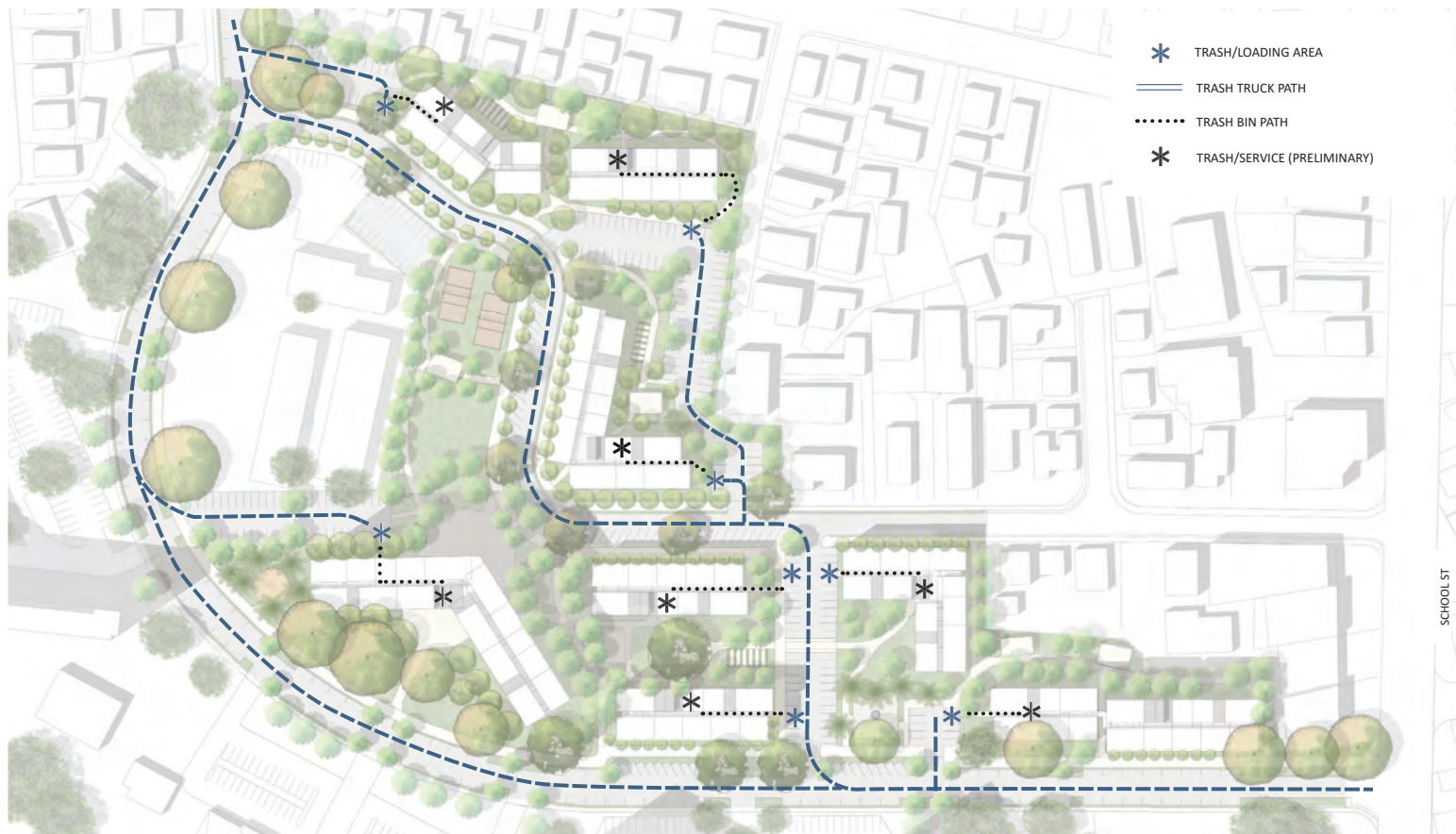
	STALLS
LOT PARKING	232
STREET PARKING	173
TOTAL	~405
	.62 RATIO
SHARED PARKING	137
OVERFLOW	27
TOTAL ALL	~569
	.87 RATIO

NOTE: ASSUMES 653 UNITS.
PARKING COUNT MAY DECREASE SLIGHTLY FOR ADA, TRASH, AND LOADING AREAS.

PARKING PLAN



PARKING PLAN



SERVICE PATHS



OVERALL UNIT SIZE MATRIX

	Requested Overall Units	Planned Overall Units	Planned Ratio	Avg. Unit Size (nsf)	Average Size (gsf)*
1 Bedroom	108 units	135 units	20.7%	554 nsf	598 gsf
2 Bedroom	269 units	288 units	44.1%	770 nsf	832 gsf
3 Bedroom	161 units	146 units	22.4%	1,011 nsf	1,092 gsf
4 Bedroom	79 units	76 units	11.6%	1,252 nsf	1,352 gsf
5 Bedroom	8 units	8 units	1.2%	1,493 nsf	1,612 gsf
	625 units	653 units	100.0%		

Amenity/support spaces

Average gsf/unit

*includes unit walls
**includes walls, corridors, utility, vertical circulation per floor

OVERALL UNIT MIX

	BLDG A	BLDG B	BLDG C	BLDG D	BLDG E	BLDG F	BLDG G	BLDG H	SUBTOTAL
1 Bedroom	24	11	12	12	56	8	8	4	135
2 Bedroom	48	36	24	24	112	20	12	12	288
3 Bedroom	38	10	18	18	42	8	8	4	146
4 Bedroom	8	6	-	-	42	12	-	8	76
5 Bedroom	-	-	-	-	-	4	4	-	8
Subtotal	118	63	54	54	252	52	32	28	653

NOTE: Approx unit counts may decrease slightly to allow for lobby and amenity spaces

BLDG A	Total units	Levels	Floor Plate	Total GSF
	118	8	17,000 gsf	136,000 gsf
1 Bedroom	20.3%	3 units/floor	24 units/bldg	
2 Bedroom	40.7%	6 units/floor	48 units/bldg	
3 Bedroom	32.2%	5 units/floor	38 units/bldg	
4 Bedroom	6.8%	1 units/floor	8 units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	15 units/floor	118 units	
		Amenities (est.)	- gsf	

BLDG C	Total units	Levels	Floor Plate	Total GSF
	54	6	9,900 gsf	59,400 gsf
1 Bedroom	22.2%	2 units/floor	12 units/bldg	
2 Bedroom	44.4%	4 units/floor	24 units/bldg	
3 Bedroom	33.3%	3 units/floor	18 units/bldg	
4 Bedroom	0.0%	- units/floor	- units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	9 units/floor	54 units	
		Amenities (est.)	- gsf	

BLDG E	Total units	Levels	Floor Plate	Total GSF
	252	16	20,130 gsf	289,320 gsf
1 Bedroom	22.2%	4 units/floor	56 units/bldg	
2 Bedroom	44.4%	8 units/floor	112 units/bldg	
3 Bedroom	16.7%	3 units/floor	42 units/bldg	
4 Bedroom	16.7%	3 units/floor	42 units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	18 units/floor	252 units	
		Amenities (est.)	6,000 gsf	

BLDG G	Total units	Levels	Floor Plate	Total GSF
	32	4	9,800 gsf	39,200 gsf
1 Bedroom	25.0%	2 units/floor	8 units/bldg	
2 Bedroom	37.5%	3 units/floor	12 units/bldg	
3 Bedroom	25.0%	2 units/floor	8 units/bldg	
4 Bedroom	0.0%	- units/floor	- units/bldg	
5 Bedroom	12.5%	1 units/floor	4 units/bldg	
	100.0%	8 units/floor	32 units	
		Amenities (est.)	- gsf	

BLDG B	Total units	Levels	Floor Plate	Total GSF
	63	6	12,800 gsf	76,800 gsf
1 Bedroom	17.5%	2 units/floor	11 units/bldg	
2 Bedroom	57.1%	6 units/floor	36 units/bldg	
3 Bedroom	15.9%	2 units/floor	10 units/bldg	
4 Bedroom	9.5%	1 units/floor	6 units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	11 units/floor	63 units	
		Amenities (est.)	3,000 gsf	

BLDG D	Total units	Levels	Floor Plate	Total GSF
	54	6	9,900 gsf	59,400 gsf
1 Bedroom	22.2%	2 units/floor	12 units/bldg	
2 Bedroom	44.4%	4 units/floor	24 units/bldg	
3 Bedroom	33.3%	3 units/floor	18 units/bldg	
4 Bedroom	0.0%	- units/floor	- units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	9 units/floor	54 units	
		Amenities (est.)	- gsf	

BLDG F	Total units	Levels	Floor Plate	Total GSF
	52	4	16,500 gsf	66,000 gsf
1 Bedroom	15.4%	2 units/floor	8 units/bldg	
2 Bedroom	38.5%	5 units/floor	20 units/bldg	
3 Bedroom	15.4%	2 units/floor	8 units/bldg	
4 Bedroom	23.1%	3 units/floor	12 units/bldg	
5 Bedroom	7.69%	1 units/floor	4 units/bldg	
	100.0%	13 units/floor	52 units	
		Amenities (est.)	3,000 gsf	

BLDG H	Total units	Levels	Floor Plate	Total GSF
	28	4	9,300 gsf	37,200 gsf
1 Bedroom	14.3%	1 units/floor	4 units/bldg	
2 Bedroom	42.9%	3 units/floor	12 units/bldg	
3 Bedroom	14.3%	1 units/floor	4 units/bldg	
4 Bedroom	28.6%	2 units/floor	8 units/bldg	
5 Bedroom	0.0%	- units/floor	- units/bldg	
	100.0%	7 units/floor	28 units	
		Amenities (est.)	- gsf	

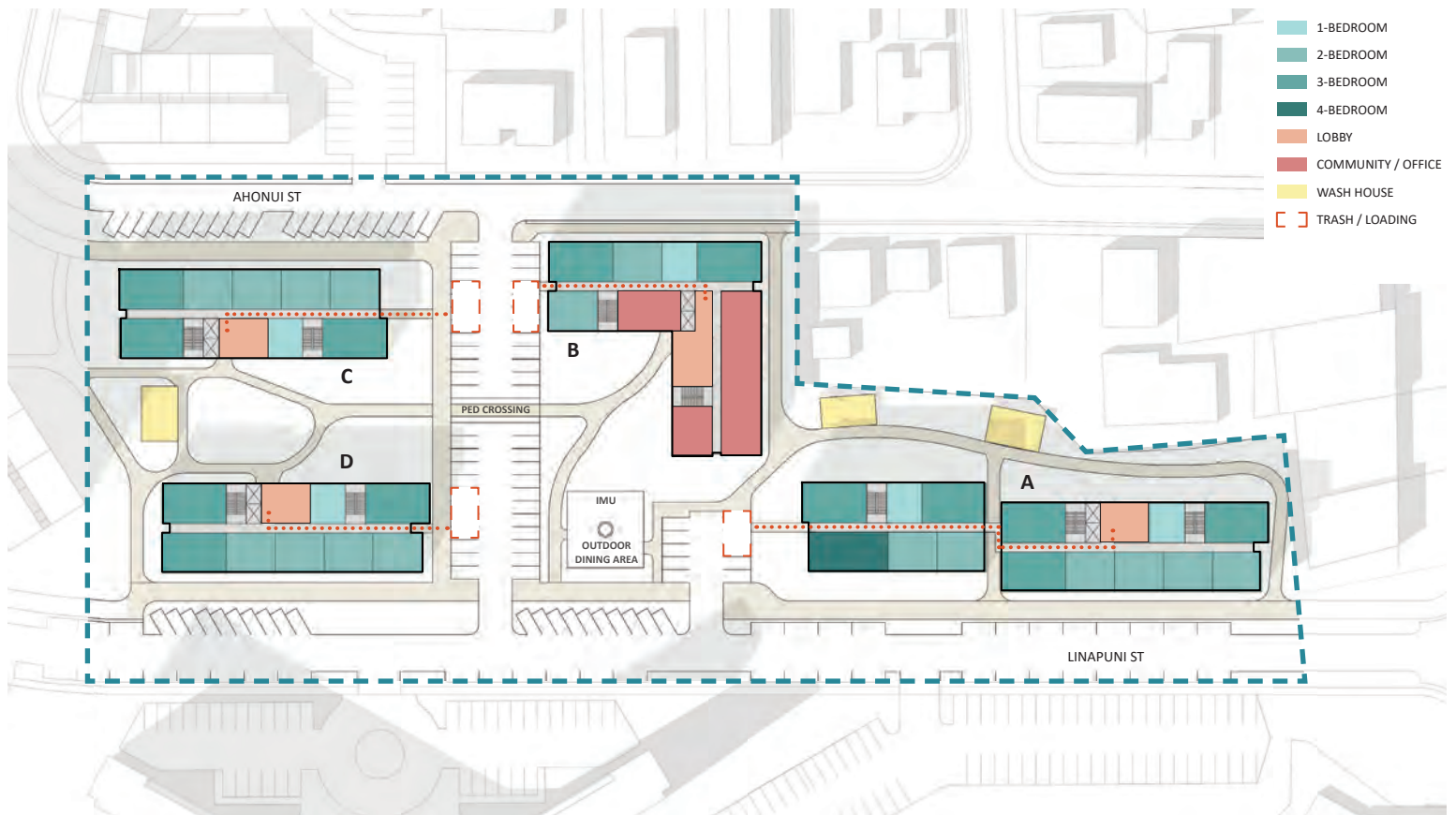
- ✱ WASH HOUSE
- PRESERVED TREE
- |||| GARDEN PLOTS



UNIT MIX					
BLDG	1BR	2BR	3BR	4BR	TOTAL
A	24	48	38	8	118
B	11	36	10	6	63
C	12	24	18	-	54
D	12	24	18	-	54
	59 (20%)	132 (46%)	84 (29%)	14 (5%)	289

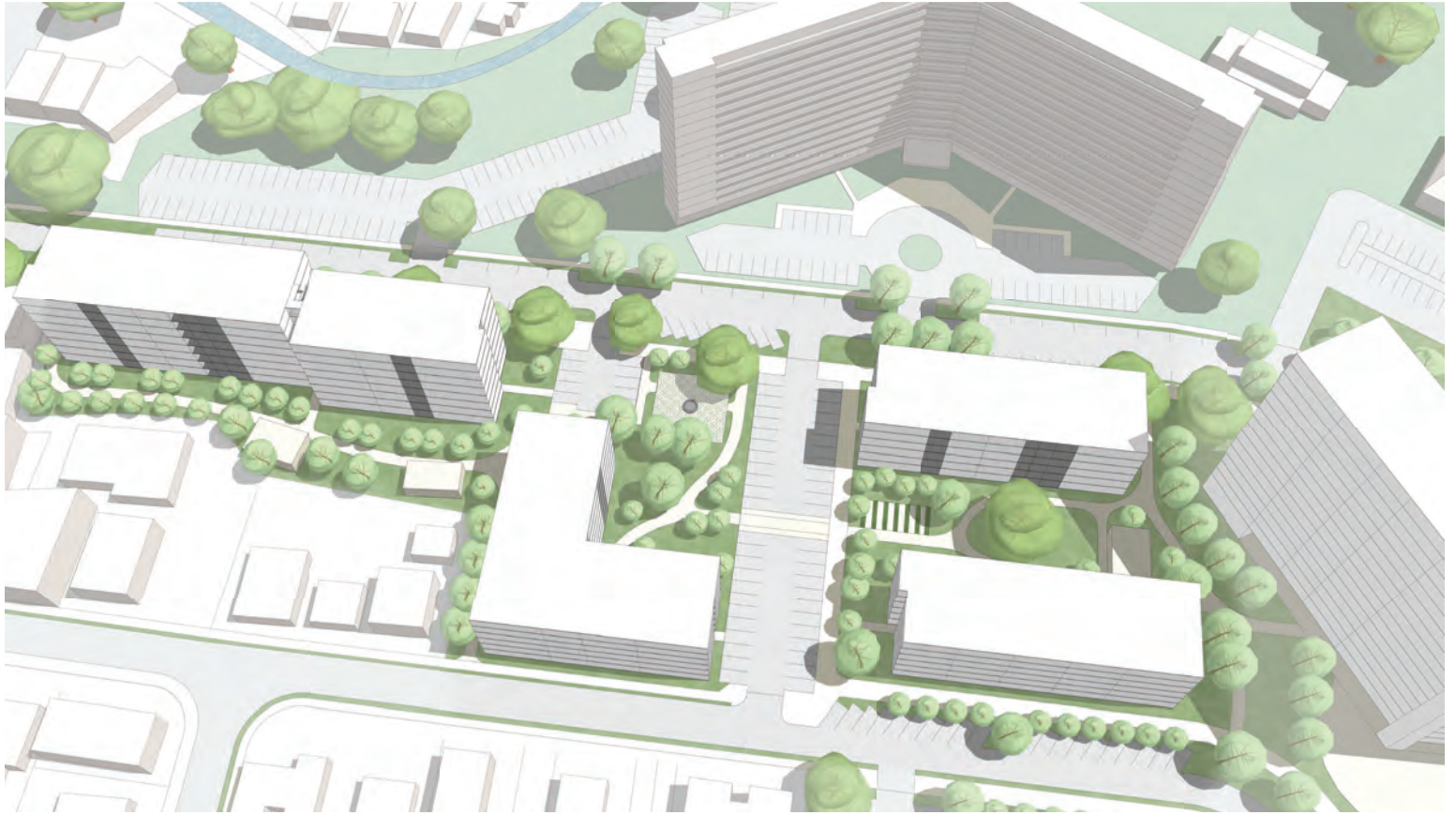
NOTE: Unit mix is still being studied and adjusted, particularly with respect to the current water allocation shortages.















The tower breezeway would accommodate the **Market Hale**, a multimodal space open to public events such as swap meets and performances. Community spaces and management offices would be located in the tower, accessible from the breezeway plaza.



LOCAL PRODUCE



FRUIT TREES

MARKET HALE

NATURAL PLAYGROUND



FITNESS LOOP



CULTURAL GAMES



WELLNESS FOR ALL AGES



SPORTS

***COMMUNITY MEETING BOARD #6**

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

PLAY AREAS & RECREATION



SHADE



WALKING PATHS



SCULPTURE & ART



NATIVE PLANTS

MONKEYPOD TREES & BENCHES

COURTYARDS

***COMMUNITY MEETING BOARD #7**

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

LANDSCAPING & PARKS



GATHERING AROUND THE IMU



OUTDOOR DINING



ROUND HOUSE



CULTURAL PERFORMANCES & CRAFTS

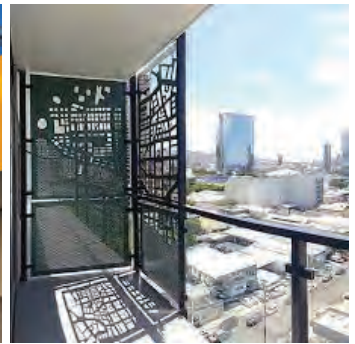


***COMMUNITY MEETING BOARD #7**

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

UNITY ACROSS CULTURES



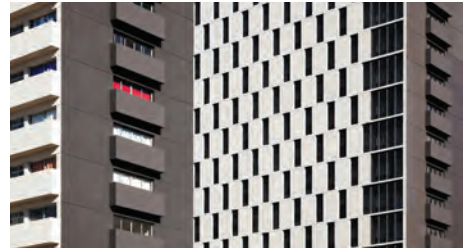


**INTERNAL USE*
LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

ARCHITECTURAL PRECEDENTS

lowney
arch

Michaels



**INTERNAL USE*
 LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

ARCHITECTURAL PRECEDENTS

lowney
arch

Michaels

WARM MATERIALS



OPEN-AIR CORRIDORS



**INTERNAL USE*

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

ARCHITECTURAL PRECEDENTS



EXHIBIT E
FINANCING PLAN

[Attached]

EXHIBIT E FINANCING PLAN

KPLR - Phase 1

PRO FORMA INCOME AND EXPENSE SUMMARY

Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

NUMBER OF UNITS	TYPE OF UNIT	SQUARE FOOTAGE	AMI		ALLOWED RENT/MO.	OPENING RENT/MO.	UTILITY ALLOW.	MONTHLY RENT	TOTAL RENT	RENT PER S.F.
			HUD		2024	RENTS				
31	0 BD - 1 BA - Flat	470	40.00%		975	975	97	878	27,218	1.87
15	0 BD - 1 BA - Flat	470	60.00%		1,462	1,462	97	1,365	20,475	2.90
10	1 BD - 1 BA - Flat	565	30.00%	PBV	1,936	1,936	110	1,826	18,260	3.23
20	1 BD - 1 BA - Flat	565	40.00%		1,044	1,044	110	934	18,680	1.65
52	1 BD - 1 BA - Flat	565	60.00%		1,566	1,566	110	1,456	75,712	2.58
18	2 BD - 1.5 BA - Flat	791	30.00%	PBV	2,511	2,511	152	2,359	42,462	2.98
2	2 BD - 1.5 BA - Flat	791	40.00%	PBV	2,511	2,511	152	2,359	4,718	2.98
15	2 BD - 1.5 BA - Flat	791	40.00%		1,253	1,253	152	1,101	16,515	1.39
68	2 BD - 1.5 BA - Flat	791	60.00%		1,879	1,879	152	1,727	117,436	2.18
18	3 BD - 2 BA - Flat	1,038	40.00%	PBV	3,409	3,409	192	3,217	57,906	3.10
10	3 BD - 2 BA - Flat	1,038	40.00%		1,448	1,448	192	1,256	12,560	1.21
14	3 BD - 2 BA - Flat	1,038	60.00%		2,172	2,172	192	1,980	27,720	1.91
17	4 BD - 2 BA - Flat	1,294	40.00%	PBV	4,079	4,079	231	3,848	65,416	2.97
1	4 BD - 2 BA - Flat	1,294	40.00%		1,615	1,615	231	1,384	1,384	1.07
11	4 BD - 2 BA - Flat	1,294	60.00%		2,442	2,442	231	2,211	24,321	1.71
1	2 BD - 1.5 BA - Flat	791	MGR		0	0	0	0	0	0.00
1	3 BD - 2 BA - Flat	1,038	MGR		0	0	0	0	0	0.00
Other		0								
Retail		0								
Other		103,276								
304	Total	335,650							530,783	

INCOME

GROSS RENTAL INCOME				Per Unit/Mo
RETAIL INCOME				\$0.00
OTHER INCOME				\$10.00
INTEREST INCOME (5% On Interest Reserve)				\$0.00
ADJUSTED GROSS INCOME				6,405,876
VACANCY ALLOWANCE			6.00%	(384,053)
EFFECTIVE GROSS INCOME				6,021,823

OPERATING EXPENSES

	Operating Expenses	Per Unit/Yr
1 Personnel Costs	787,989	2,592
2 Administration/General	55,791	184
3 Marketing Expense	18,100	60
4 Repairs & Maintenance	170,651	561
5 Cleaning & Decorating	15,200	50
6 Contract Services	449,232	1,478
7 Professional Fees	48,258	159
8 Utilities	871,200	2,866
9 Real estate taxes	10,159	33
10 Insurance	524,400	1,725
11 Services and miscellaneous (business license, audit, HHFDC fees, etc)	28,690	94
12 Management Fee w/Supplemental	363,457	1,196
TOTAL OPERATING EXPENSES	(3,343,127)	\$10,997
13 REPLACEMENT RESERVES	(91,200)	\$300
TOTAL OPERATING EXPENSES AND RESERVES	(3,434,327)	\$11,297.13
TOTAL OPERATING EXPENSES LESS TAXES AND RESERVES	(3,332,968)	\$10,963.71

NET OPERATING INCOME

2,587,496

KPLR - Phase 1
DEVELOPMENT COSTS / SOURCES AND USES
Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

SOURCES OF FUNDS

CONSTRUCTION

TAX EXEMPT BONDS + TAXABLE BONDS	\$117,377,988	After paydown at Const Compl
PAYDOWN AT COMPLETION	(\$45,235,078)	
HCDC PREDEVELOPMENT FUNDING	0	
COSTS PAID AT PERM CLOSING	12,210,853	
EQUITY	73,148,127	
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	
OTHER	0	
DEFERRED COSTS	0	
RHRF LOAN AWARDED	48,556,752	
TOTAL SOURCES	\$214,058,642	

PERMANENT

TAX CREDIT EQUITY (LIMITED PARTNER)	\$118,080,039
PERMANENT FINANCING	36,353,335
DEFERRED DEVELOPER FEE	3,068,515
OTHER	0
OTHER	0
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000
RHRF LOAN AWARDED	48,556,752
TOTAL SOURCES	\$214,058,642

HCDC receives 77.78% of the first 60% of the Dev Fee,
remaining 40% is split 50%/50%
HPHA receives 22.22% of the first 60% of the Dev Fee,
remaining 40% is split 50%/50%

\$0

USES OF FUNDS

DEVELOPMENT COST BREAKDOWN

ACQUISITION & PRE DEVELOPMENT

PURCHASE PRICE	\$0
CLOSING COSTS	125,000
LEGAL/BROKER	0
ARCHITECTURE / ENGINEERING / FEASIBILITY	10,505,848
PRE DEV. FIN. AND CARRY	0
SUBTOTAL	\$10,630,848

CONSTRUCTION

FEES AND PERMITS	\$2,736,000
ONSITE/OFFSITE	11,335,332
BASE CONSTRUCTION	130,992,333
EXTERIOR COMMON AREA	0
MODELS, REC. BUILDING, AND FURNISHINGS	750,000
GENERAL REQUIREMENTS	8,377,335
DEVELOPER OVERHEAD & FEE	13,377,273
BRIDGE LOAN FEES & INTEREST	19,924
CONSTR. INTEREST	7,426,165
ORIGINATION FEE	960,535
CONST FEES/APPRaisal/TAXES/TITLE	5,481,426
PREDEVELOPMENT IMPROVEMENTS	0
CONSTRUCTION CONTINGENCY	10,695,659
SOFT COSTS/CONTINGENCY	1,000,000
SUBTOTAL	\$193,394,765

LEASE UP AND SALES

OPERATING RESERVE	2,796,562
MARKETING/LEASING/LEGAL	3,602,874
LEASE UP PERIOD INTEREST & CARRY	1,848,303
PERMANENT FINANCING COSTS	241,032
OTHER	500,000
APPLICATION/MONITOR. FEES	1,044,258
SUBTOTAL	\$10,033,029
TOTAL USES	\$214,058,642
TOTAL USES ROUNDED	\$214,059,000

KPLR - Phase 1

03-Mar-25

TAX CREDIT SUMMARY

Family/ New Construction / 6-8 stories / 4% Tax Credits

PROJECT COSTS	Actual or Estimated Costs	Acquisition Eligible Basis	Rehab/New Const Eligible Basis	Per Unit
LAND COST/ACQUISITION				
Purchase Price/Lse Incentive Pmt.	0	0	XXXXXXXX	-
Demolition	0	0	XXXXXXXX	-
Closing Costs	125,000	0	XXXXXXXX	411
Total Land Cost or Value	125,000	0		411
Demolition	1,485,982	XXXXXXXX	XXXXXXXX	4,888
Off-Site Improvements	0	XXXXXXXX	0	-
Total Acquisition Cost	1,610,982	0	0	5,299
NEW CONSTRUCTION				
Site Work	9,849,350	XXXXXXXX	9,849,350	32,399
Structures	122,896,118	XXXXXXXX	122,896,118	404,264
General Requirements	8,377,335	XXXXXXXX	8,377,335	27,557
P & P Bond	810,500	XXXXXXXX	810,500	2,666
Contractor Overhead/Profit	7,285,715	XXXXXXXX	7,285,715	23,966
Total New Construction Costs	149,219,018	0	149,219,018	490,852
ARCHITECTURAL FEES				
Design	6,097,438	XXXXXXXX	6,097,438	20,057
Supervision	1,080,000	XXXXXXXX	1,080,000	3,553
Total Architectural Costs	7,177,438	0	7,177,438	23,610
SURVEY AND ENGINEERING	3,012,287	0	3,012,287	9,909
CONST. INTEREST & FEES				
Construction Loan Interest	6.42%	7,446,089	7,446,089	24,494
Origination Fees (Constr/Perm)		960,535	133,408	3,160
RHRF Loan Origination Fee (0.5%)		242,784	12,139	799
Bond Issuance Costs and Issuer Legal		570,284	142,571	1,876
Conveyance Tax		17,142	0	56
Insurance (includes OCIP vs CCIP)		4,295,000	4,295,000	14,128
Title and Recording		300,000	300,000	986,842
Total Construction Interest & Fees Cost		13,831,833	12,329,206	45,499
PERMANENT FINANCING				
Loan Origination Fee and Perm Loan Orig. Fee		0	XXXXXXXX	-
Credit Enhancement & Application Fee		0	XXXXXXXX	-
Title & Recording		100,000	XXXXXXXX	329
Conversion Cost		31,032	XXXXXXXX	102
Total Permanent Financing Costs		131,032	0	431
LEGAL FEES				
Lender Legal Costs Paid by Applicant		370,000	92,500	1,217
Legal		2,072,693	207,269	6,818
Total Attorney Costs		2,442,693	299,769	8,035
RESERVES				
Lease-Up Period Interest and Carry		1,848,303	XXXXXXXX	6,080
Operating Reserve	6 mos OERDS	2,796,562	XXXXXXXX	9,199
Total Reserve Costs		4,644,865	0	0
TOTAL APPRAISAL COSTS		39,000	39,000	128
TOTAL HARD and SOFT CONTINGENCY COST	7.8%	11,695,659	10,526,093	38,473
OTHER				
Tax Credit App./Alloc./Monitoring Fees		1,044,258	XXXXXXXX	3,435
Environmental Audit		316,123	316,123	1,040
Local Dev. Impact Fees		2,736,000	2,736,000	9,000
Permit Processing Fees		0	0	-
Relocation		1,028,181	XXXXXXXX	3,382
Marketing/Leasing/Accounting		502,000	50,000	1,651
Common Area Furnishings and Equipment		750,000	750,000	2,467
Other		500,000	250,000	1,645
Total Other Costs		6,876,562	4,102,123	22,620
Subtotals		200,681,369	0	186,704,934
DEVELOPER COSTS				
Developer Overhead + Fee (HCDC-66.67%)	Dev Overhead:	8,918,182	8,918,182	29,336
Developer Overhead + Fee (HPHA-33.33%)	\$891,818	4,459,091	4,459,091	14,668
Total Developer Fee		13,377,273	0	44,004
TOTAL PROJECT COSTS		214,058,642	0	200,082,207
TOTAL ELIGIBLE BASIS		0	200,082,207	
CREDIT UTIL. COMPETITION BASIS		0	200,082,207	
UNADJUSTED ELIGIBLE BASIS		0	200,082,207	
HIGH COST AREA ADJUSTMENT		1.00	1.30	
TOTAL ADJUSTED ELIGIBLE BASIS		0	260,106,869	
APPLICABLE PERCENTAGE		100%	100%	
TOTAL CALCULATED QUALIFIED BASIS		0	260,106,869	
VOLUNTARY BASIS REDUCTION	0%	0	0	
BASIS VARIANCE		0	260,106,869	
QUALIFIED BASIS FOR PRO FORMA		0	260,106,869	
CREDIT PERCENTAGE	0	40.00%	40.00%	
FEDERAL CREDITS CALCULATED		0	104,042,748	
STATE CREDITS CALCULATED		0	52,021,374	
TOTAL CREDITS CALCULATED		0	156,064,122	
FEDERAL CREDITS ALLOCATED		0	104,042,748	
STATE CREDITS ALLOCATED		0	52,021,374	
TOTAL CREDITS ALLOCATED		0	156,064,122	
TOTAL CREDITS AVAILABLE FOR SYNDICATION		0	156,064,122	
FEDERAL TAX CREDIT EQUITY	\$0.8150	84,786,360		
STATE TAX CREDIT EQUITY	\$0.6400	33,293,679		
WEIGHTED AVERAGE TAX CREDIT PRICE		\$0.7567	\$0.7567	
GROSS SYNDICATION PROCEEDS		0	118,080,039	
SYNDICATION COSTS	0.00%	0	0	
NET TAX CREDIT EQUITY PROCEEDS			118,080,039	
NET TAX CREDIT FACTOR (WEIGHTED)			0.7566	

KPLR - Phase 1
CONSTRUCTION AND LEASE-UP CASHFLOW
Family/ New Construction / 6-8 stories / 4% Tax Credits

USES

	CONTROL	SUM	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
	TOTAL	TOTAL	Costs to date	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Pre-Develop	Close Bonds	Soil Rem	Soil Rem	Soil Rem	Soil Rem	Soil Rem	Soil Rem	Const
ACQUISITION & PREDEVELOPMENT														1	2	3	4	5	6	1
PURCHASE PRICE			-	-	-	-	-	-	-	-	-	-	-							-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	125,000							-
LEGAL			-	-	-	-	-	-	-	-	-	-	-							-
ARCH. AND ENG.	10,505,848	10,505,848	-	-	-	-	-	100,000	100,000	250,000	600,000	1,100,000	2,087,354							223,875
PRE DEV. FIN. AND CARRY			-	-	-	-	-	-	-	-	-	-	-							-
CONSTRUCTION														2,736,000						2,225,141
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-							-
ONSITE/OFFSITE	11,335,332	11,335,332	-	-	-	-	-	-	-	-	-	-	-							198,496
BASE CONSTRUCTION	130,992,333	130,992,333	-	-	-	-	-	-	-	-	-	-	-	821,192	933,333		933,333		933,333	2,225,141
EXTERIOR COMMON AREA			-	-	-	-	-	-	-	-	-	-	-							-
MODELS AND REC. BLDG.	750,000	750,000	-	-	-	-	-	-	-	-	-	-	-							17,462
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	-	-	-	-	-	-	-	-	-	-	-							194,822
DEVELOPER FEE (HDCDC)	8,918,182	8,918,182	-	-	-	-	-	-	-	-	-	-	-	91,805	91,805	91,805	91,805	91,805	91,805	91,805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	-	-	-	-	-	-	-	-	-	-	-	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	503	1,008	2,269	5,295	10,850	-							-
PREDEVELOPMENT IMPROVEMENTS			-	-	-	-	-	-	-	-	-	-	-							-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	-	-	-	-	-	-	-	-	-	-	-	41,410	41,410	41,410	41,410	41,410	41,410	41,410
ORIGNATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	1,203,319							-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	5,481,426							-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	-	-	-	-	-	-	-	-	-	-	-							271,992
LEASE UP AND SALES																				-
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-							-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	3,100,874							-
LEASE UP PERIOD INT. & CARRY	1,844,303	1,844,303	-	-	-	-	-	-	-	-	-	-	-							-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	241,032							-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	500,000							-
TAX CREDIT APP-MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	1,044,258							-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	100,503	101,008	252,269	605,295	1,110,850	17,340,405	159,445	1,092,778	159,445	1,092,778	159,445	1,092,778	3,291,213
CUMULATIVE TOTAL								100,503	201,510	453,779	1,059,074	2,169,924	11,808,004	11,926,039	12,044,073	12,162,108	12,280,143	12,398,178	12,516,213	12,634,247
			Equity Balance:	0																
			Const. Loan Balance:	0																
SOURCES			Equity Balance:	0																
CONSTRUCTION								0	100,503	201,510	453,779	1,059,074	2,169,924	0						0
CONSTRUCTION LOAN			-	-	-	-	-	-	-	-	-	-	-	41,410	-	-	-	-	-	-
HDCDC PREDEVELOPMENT FUNDING	72,142,918	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT TERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY	72,148,127	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-	-	974,743	41,410	974,743	41,410	974,743	3,173,178
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT																				
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @	0.7567	118,080,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Equity Contribution %	10%																
			Approximate Equity Contribution %	10%																

KPLR - Phase 1
CONSTRUCTION AND LEASE-UP CASHFLOW
Family/ New Construction / 6-8 stories / 4% Tax Credits

USES	CONTROL	SUM	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
	TOTAL	TOTAL	Const	Const	Const	Const	Const	Const	Const	Const	Const	Const	Const	Const
ACQUISITION & PREDEVELOPMENT			2	3	4	5	6	7	8	9	10	11	12	13
PURCHASE PRICE			-	-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	-	-
LEGAL			-	-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION			-	-	-	-	-	-	-	-	-	-	-	-
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	216,219	233,942	251,685	269,388	287,110	304,833	322,556	340,279	358,002	375,725	393,448	411,170
BASE CONSTRUCTION	130,992,333	130,992,333	3,316,327	3,590,321	3,862,315	4,134,310	4,406,304	4,678,298	4,950,292	5,222,286	5,494,280	5,766,274	6,038,268	6,310,262
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	-	-	-	-	-	-	-	-	-	-	-	-
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	212,217	229,611	247,006	264,401	281,796	299,191	316,585	333,980	351,375	368,770	386,165	403,560
DEVELOPER FEE (HDC)	8,918,182	8,918,182	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	41,410	41,410	41,410	41,410	41,410	41,410	41,410	49,823	65,948	83,950	125,345	168,751
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	296,277	320,562	344,847	369,132	393,417	417,702	441,987	466,272	490,557	514,842	539,127	563,412
LEASE UP AND SALES			-	-	-	-	-	-	-	-	-	-	-	-
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-	-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	-	-
LEASE UP PERIOD INT. & CARRY	1,844,303	1,844,303	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP-MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	4,445,358	4,778,313	5,111,267	5,444,221	5,777,175	6,110,129	6,443,083	6,784,450	7,133,329	7,484,485	7,836,604	8,225,194
CUMULATIVE TOTAL			31,053,630	35,781,925	40,853,192	46,337,420	52,114,595	58,222,724	64,667,807	71,452,257	78,685,786	86,020,211	93,826,105	102,164,295
			12,752,282	12,870,317	12,988,352	13,106,386	13,224,421	13,342,456	13,460,491	13,578,525	13,696,560	13,814,595	13,932,630	14,050,664
			7,743,785	7,743,785	7,743,785	7,743,785	7,743,785	7,743,785	7,743,785	9,316,979	12,352,474	15,686,924	20,439,723	31,556,083
SOURCES			0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION			-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION LOAN	72,142,918	0	-	-	-	-	-	-	-	1,573,194	3,015,494	3,366,451	7,740,799	8,117,160
HDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY	72,148,127	0	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	4,000,000	4,000,000	-	-
RHRF LOAN AWARDED	48,556,752	0	4,327,324	4,660,278	4,993,232	5,326,186	5,659,140	5,992,094	6,325,048	5,093,221	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT			-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @	0.7567	118,080,039	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
			11%	11%	11%	11%	11%	11%	11%	11%	11%	12%	12%	12%

KPLR - Phase 1
CONSTRUCTION AND LEASE-UP CASHFLOW
Family New Construction / 6-8 stories / 4% Tax Credits

1st Bldg Compl 1 2 3 4 5 6 7 8
2nd Bldg Compl 3rd Bldg Compl

USES

	CONTROL TOTAL	SUM TOTAL	Feb-27 Const	Mar-27 Const	Apr-27 Const	May-27 Const	Jun-27 Const	Jul-27 Const	Aug-27 Const	Sep-27 Const	Oct-27 Const	Nov-27 Const	Dec-27 Const
			14	15	16	17	18	19	20	21	22	23	24
ACQUISITION & PREDEVELOPMENT													
PURCHASE PRICE			-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	-
LEGAL			-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION													
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	428,893	411,170	393,448	375,725	358,002	340,279	322,556	304,833	287,110	269,388	251,665
BASE CONSTRUCTION	130,992,333	130,992,333	6,582,256	6,310,262	6,038,268	5,766,274	5,494,280	5,222,286	4,950,292	4,678,298	4,406,304	4,134,310	3,862,315
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	37,687	36,130	34,572	33,015	31,458	29,900	28,343	26,786	25,228	23,671	22,114
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	420,954	403,559	386,165	368,770	351,375	333,980	316,585	299,191	281,796	264,401	247,006
DEVELOPER FEE (HDC)	8,918,182	8,918,182	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	183,075	226,792	268,954	309,553	348,580	386,026	421,884	456,145	488,800	519,840	549,257
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	587,697	563,412	539,127	514,842	490,557	466,272	441,987	417,702	393,417	369,132	344,847
LEASE UP AND SALES													
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	-
LEASE UP PERIOD INT. & CARRY	1,844,303	1,844,303	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP/MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	8,562,472	8,293,295	8,002,443	7,710,088	7,418,160	7,120,633	6,823,507	6,524,854	6,224,565	5,922,651	5,619,114
CUMULATIVE TOTAL			110,746,771	119,040,065	127,052,448	134,765,536	142,168,095	149,389,349	156,112,906	162,637,770	168,852,335	174,789,986	180,454,100
			19,954,666	20,072,701	20,190,736	20,308,771	20,426,805	20,544,840	20,662,875	20,780,910	20,898,945	21,016,979	21,135,014
			34,235,352	42,410,552	50,284,960	57,887,013	65,185,139	72,187,757	78,893,279	85,300,108	91,406,638	97,211,295	102,712,334
SOURCES			0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION													
CONSTRUCTION LOAN	72,142,918	0	2,678,470	8,175,200	7,884,408	7,592,053	7,298,126	7,002,618	6,705,522	6,408,629	6,106,530	5,804,616	5,501,079
HDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-
EQUITY	72,148,127	0	5,904,002	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-
PERMANENT													
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @ 0.7567	118,080,039	118,080,039	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING	(0)	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0
			5%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Equity Contribution %			17%	17%	17%	17%	17%	17%	17%	18%	18%	18%	18%
Amount													

KPLR - Phase 1
CONSTRUCTION AND LEASE-UP CASHFLOW
Family/ New Construction / 6-8 stories / 4% Tax Credits

9 10 11 12 13 14 15 16 17 18 19
Final Bldg Compl

USES

	CONTROL TOTAL	SUM TOTAL	Jan-28 Const	Feb-28 Const	Mar-28 Const	Apr-28 Const	May-28 Lease-Up	Jun-28 Lease-Up	Jul-28 Lease-Up	Aug-28 Lease-Up	Sep-28 Lease-Up	Oct-28 Lease-Up	Nov-28 Lease-Up
			25	26	27	28	1	2	3	4	5	6	7
ACQUISITION & PREDEVELOPMENT													
PURCHASE PRICE			-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	-
LEGAL			-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10,505,948	10,505,948	223,875	223,875	223,875	223,875	-	-	-	-	-	-	-
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION													
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	233,942	216,219	198,496	180,773	-	-	-	-	-	-	-
BASE CONSTRUCTION	130,992,333	130,992,333	3,590,321	3,318,327	3,046,339	2,774,339	-	-	-	-	-	-	-
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	20,556	18,999	17,442	15,885	-	-	-	-	-	-	-
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	229,611	212,217	194,822	177,427	-	-	-	-	-	-	-
DEVELOPER FEE (HDC)	8,918,182	8,918,182	91,805	91,805	91,805	91,805	-	-	-	-	-	-	-
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	-	-	-	-	-	-	-
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	577,043	603,187	627,683	385,787	-	-	-	-	-	-	-
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	320,562	296,277	271,992	247,707	-	-	-	-	-	-	-
LEASE UP AND SALES													
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	50,200	50,200	50,200	50,200	50,200	50,200	50,200
MARKETING/LEASING/LEGAL	3,622,874	3,622,874	-	-	-	-	286,897	260,214	233,531	206,848	180,165	170,162	170,162
LEASE UP PERIOD INT. & CARRY	1,844,303	1,844,303	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP-MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	577,043	603,187	627,683	385,787	337,087	310,414	283,731	257,048	230,365	220,362	220,362
CUMULATIVE TOTAL			5,313,945	5,007,136	4,696,877	4,123,827	185,718,045	150,725,181	126,522,859	101,541,686	79,547,922	60,666,341	44,687,056
			21,253,049	21,371,084	21,489,118	20,848,024	20,195,107	19,541,783	18,891,107	18,240,314	17,589,430	16,938,546	16,287,662
			107,808,245	112,787,346	117,877,986	122,967,126	128,056,266	133,145,406	138,234,546	143,323,686	148,412,826	153,501,966	158,591,106

SOURCES

			0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION													
CONSTRUCTION LOAN	72,142,910	0	5,195,911	4,889,101	4,580,642	(45,235,078)	-	-	-	-	-	-	-
HDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-
EQUITY	72,148,127	0	118,035	118,035	118,035	49,358,905	337,087	310,414	283,731	257,048	230,365	220,362	220,362
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-
PERMANENT													
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @	0.7567	118,080,039	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING	(0)	0	0	0	0	(0)	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
			0%	0%	0%	42%	0%	0%	0%	0%	0%	0%	0%
			18%	18%	18%	60%	60%	61%	61%	61%	61%	61%	62%

KPLR - Phase 1
CONSTRUCTION AND LEASE-UP CASHFLOW
Family/ New Construction / 6-8 stories / 4% Tax Credits

20 21 22

USES					
	CONTROL	SUM	Dec-28	Jan-29	Feb-29
	TOTAL	TOTAL	Lease-Up	Lease-Up	Perm Loan
			8	9	10
ACQUISITION & PREDEVELOPMENT					
PURCHASE PRICE			-	-	-
CLOSING COSTS	125,000	125,000	-	-	-
LEGAL			-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	-	-	-
PRE DEV. FIN. AND CARRY	-	-	-	-	-
CONSTRUCTION					
FEES AND PERMITS	2,736,000	2,736,000	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	-	-	-
BASE CONSTRUCTION	130,992,333	130,992,333	-	-	-
EXTERIOR COMMON AREA	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	-	-	-
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	-	-	-
DEVELOPER FEE (HCDC)	8,918,182	8,918,182	-	-	5,796,818
SUBDEVELOPER FEE (RPHA)	4,459,091	4,459,091	-	-	3,567,273
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	-	-	-
ORIGNATION FEE	1,203,319	1,203,319	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	-	-	-
LEASE UP AND SALES					
OPERATING RESERVES	2,796,562	2,796,562	-	-	2,796,562
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	50,200	50,200	50,200
LEASE UP PERIOD INT. & CARRY	1,844,303	1,844,303	170,162	170,162	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-
TAX CREDIT APP-MONITOR. FEES	1,044,258	1,044,258	-	-	-
TOTAL	214,058,642	214,058,642	220,362	220,362	12,210,863
CUMULATIVE TOTAL			201,627,427	201,647,789	214,058,642
			72,927,765	73,148,127	0
			72,142,910	72,142,910	0
SOURCES					
CONSTRUCTION					
CONSTRUCTION LOAN	72,142,910	0	-	-	(72,142,910)
HCDC PREDEVELOPMENT FUNDING	0	0	-	-	-
COSTS PAID AT PERM CLOSING	12,210,863	0	-	-	-
EQUITY	73,148,127	0	220,362	220,362	(73,148,127)
OTHER	0	0	-	-	-
CITY/COUNTY HONOLULU LOAN (RPHA)	8,000,000	0	-	-	(8,000,000)
RHRF LOAN AWARDED	48,556,752	0	-	-	(48,556,752)
TOTAL	214,058,642	0	-	-	-
PERMANENT					
PERMANENT LOAN	36,353,335	36,353,335	-	-	36,353,335
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	3,068,515
OTHER	0	0	-	-	-
CITY/COUNTY HONOLULU LOAN (RPHA)	8,000,000	8,000,000	-	-	8,000,000
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	48,556,752
TAX CREDITS @	0.7567	118,080,039	-	-	118,080,039
TOTAL	214,058,642	214,058,642	-	-	-
PARTNERSHIP EQUITY FUNDING		(0)	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING		0	(0)	(0)	(0)
		Equity Contribution %	0%	0%	
	Amortize	Equity Contribution %	62%	62%	

KPLR - Phase 1
LEASE UP SCHEDULE
MONTHS 1 THROUGH 12 OF OPERATIONS
Family/ New Construction / 6-8 stories / 4% Tax Credits

		1st Bldg				2nd Bldg				3rd Bldg				Final Bldg														PERM. LOAN
LEASE UP PERIOD		Lease-up Month 1	Lease-up Month 2	Lease-up Month 3	Lease-up Month 4	Lease-up Month 5	Lease-up Month 6	Lease-up Month 7	Lease-up Month 8	Lease-up Month 9	Lease-up Month 10	Lease-up Month 11	Lease-up Month 12	Lease-up Month 13	Lease-up Month 14	Lease-up Month 15	Lease-up Month 16	Lease-up Month 17	Lease-up Month 18	Stabilized Month 19	Stabilized Month 20	Stabilized Month 21	Stabilized Month 22					
	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28	Oct-28	Nov-28	Dec-28	Jan-29	Feb-29						
Building 1 (Mid-Rise, 8 Stories)	Units 103 59 71 71 304																											
Building 2 (Low-Rise, 6 Stories, Leasing Office)																												
Building 3 (Low-Rise, 6 Stories)																												
Building 4 (Low-Rise, 6 Stories)																												
NUMBER OF UNITS RENTED		25	41	57	73	89	105	121	137	153	169	185	201	217	233	249	265	281	286	286	286	286	286					
PERCENT OF UNITS RENTED		8%	13%	19%	24%	29%	35%	40%	45%	50%	56%	61%	66%	71%	77%	82%	87%	92%	94%	94%	94%	94%	94%					
NUMBER OF UNITS QUALIFIED		25	41	57	73	89	105	121	137	153	169	185	201	217	233	249	265	281	297	302	302	302	302					
PERCENT OF UNITS QUALIFIED		8%	14%	19%	24%	29%	35%	40%	45%	51%	56%	61%	67%	72%	77%	82%	88%	93%	98%	100%	100%	100%	100%					
POTENTIAL REVENUE																												
RENTAL INCOME		530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783					
RETAIL INCOME		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
MISCELLANEOUS INCOME		3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040					
TOTAL POTENTIAL REVENUE		533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823	533,823					
LESS: VACANCY		(521,169)	(491,281)	(461,393)	(431,505)	(401,618)	(371,730)	(341,842)	(311,954)	(282,066)	(252,178)	(222,291)	(192,403)	(162,515)	(132,627)	(102,739)	(72,852)	(42,964)	(32,004)	(32,004)	(32,004)	(32,004)	(32,004)					
TOTAL PROJECT REVENUE		12,654	42,542	72,430	102,318	132,205	162,093	191,981	221,869	251,757	281,645	311,532	341,420	371,308	401,196	431,084	460,971	490,859	501,819	501,819	501,819	501,819	501,819					
EXPENSES VARIABLE	20% 80%	5,007	8,212	11,417	14,621	17,826	21,031	24,236	27,440	30,645	33,850	37,054	40,259	43,464	46,668	49,873	53,078	56,283	57,239	57,239	57,239	57,239	57,239					
EXPENSES FIXED		228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955					
TOTAL EXPENSES		233,962	237,167	240,372	243,577	246,781	249,986	253,191	256,395	259,600	262,805	266,009	269,214	272,419	275,624	278,828	282,033	285,238	286,194	286,194	286,194	286,194	286,194					
NET OPERATING INCOME		(221,308)	(194,625)	(167,942)	(141,259)	(114,576)	(87,893)	(61,210)	(34,526)	(7,843)	18,840	45,523	72,206	98,889	125,572	152,255	178,938	205,622	215,625	215,625	215,625	215,625	215,625					
DEBT SERV. CONST. LOAN		0	0	0	0	0	0	0	0	0	0	0	0	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)						
DEBT SERV. BRIDGE LOAN		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
DEBT SERV. OTHER		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
DEBT SERV. 1ST LOAN (PERM.)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(187,500)					
PROJECT CASHFLOW		(221,308)	(194,625)	(167,942)	(141,259)	(114,576)	(87,893)	(61,210)	(34,526)	(7,843)	18,840	45,523	72,206	(286,897)	(260,214)	(233,531)	(206,848)	(180,165)	(170,162)	(170,162)	(170,162)	(170,162)	28,125					
LEASE UP PERIOD DRAWS		221,308	194,625	167,942	141,259	114,576	87,893	61,210	34,526	7,843	0	0	0	286,897	260,214	233,531	206,848	180,165	170,162	170,162	170,162	170,162	0					
NET PROJECT CASHFLOW		0	0	0	0	0	0	0	0	0	18,840	45,523	72,206	0	0	0	0	0	0	0	0	0	28,125					

KPLR - Phase 1
STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits
03-Mar-25

	YEAR 1 2030	YEAR 2 2031	YEAR 3 2032	YEAR 4 2033	YEAR 5 2034	YEAR 6 2035	YEAR 7 2036	YEAR 8 2037	YEAR 9 2038	YEAR 10 2039	YEAR 11 2040	YEAR 12 2041	YEAR 13 2042	YEAR 14 2043	YEAR 15 2044
ANNUAL INCOME INCREASES	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT	304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE															
RENTAL INCOME	6,369,396	6,496,784	6,626,720	6,759,254	6,894,439	7,032,328	7,172,974	7,316,434	7,462,763	7,612,018	7,764,258	7,919,543	8,077,934	8,239,493	8,404,283
MISCELLANEOUS INCOME	36,480	37,210	37,954	38,713	39,487	40,277	41,082	41,904	42,742	43,597	44,469	45,358	46,265	47,191	48,135
TOTAL POTENTIAL RENTAL INCOME	6,405,876	6,533,994	6,664,673	6,797,967	6,933,926	7,072,605	7,214,057	7,358,338	7,505,505	7,655,615	7,808,727	7,964,902	8,124,200	8,286,684	8,452,417
LESS: VACANCY	(384,053)	(391,734)	(399,569)	(407,560)	(415,711)	(424,026)	(432,506)	(441,156)	(449,979)	(458,979)	(468,159)	(477,522)	(487,072)	(496,814)	(506,750)
TOTAL REVENUE	6,021,823	6,142,259	6,265,104	6,390,407	6,518,215	6,648,579	6,781,551	6,917,182	7,055,525	7,196,636	7,340,568	7,487,380	7,637,127	7,789,870	7,945,667
OPERATING EXPENSES	(3,271,884)	(3,370,041)	(3,471,142)	(3,575,276)	(3,682,534)	(3,793,010)	(3,906,801)	(4,024,005)	(4,144,725)	(4,269,067)	(4,397,138)	(4,529,053)	(4,664,924)	(4,804,872)	(4,949,018)
PROPERTY TAXES (Special Assessments, Bonds, etc. only)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)	(61,084)	(62,306)	(63,552)	(64,823)	(66,119)	(67,442)	(68,791)	(70,166)	(71,570)	(73,001)	(74,461)	(75,950)	(77,469)	(79,019)	(80,599)
CAPITAL RESERVES	(91,200)	(93,024)	(94,884)	(96,782)	(98,718)	(100,692)	(102,706)	(104,760)	(106,855)	(108,992)	(111,172)	(113,396)	(115,664)	(117,977)	(120,336)
TOTAL EXPENSES + RESERVES	(3,434,327)	(3,535,529)	(3,639,737)	(3,747,040)	(3,857,530)	(3,971,303)	(4,088,456)	(4,209,090)	(4,333,309)	(4,461,219)	(4,592,931)	(4,728,558)	(4,868,216)	(5,012,027)	(5,160,113)
NET OPERATING INCOME	2,587,496	2,606,730	2,625,367	2,643,367	2,660,684	2,677,276	2,693,094	2,708,992	2,722,216	2,735,417	2,747,638	2,758,822	2,768,911	2,777,843	2,785,555
Add: Loan Debt Coverage Reserve	1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST	5.50%	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)
DEBT SERVICE RATIO ON 1ST LOAN	1.15	1.16	1.17	1.17	1.18	1.19	1.20	1.20	1.21	1.22	1.22	1.23	1.23	1.23	1.24
AVAILABLE CASH FLOW	\$ 337,499	\$ 356,734	\$ 375,371	\$ 393,370	\$ 410,688	\$ 427,279	\$ 443,098	\$ 458,095	\$ 472,220	\$ 485,420	\$ 497,641	\$ 508,826	\$ 518,915	\$ 527,847	\$ 535,558
FEES															
AVAILABLE CASH FLOW FOR FEE 1	337,499	356,734	375,371	393,370	410,688	427,279	443,098	458,095	472,220	485,420	497,641	508,826	518,915	527,847	535,558
PERCENTAGE APPLIED TO ADMIN FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2	327,499	346,434	364,762	382,443	399,433	415,687	431,158	445,796	459,552	472,373	484,202	494,983	504,657	513,162	520,432
PERCENTAGE APPLIED TO PSHIP MGMT. FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)	(20,159)	(20,764)	(21,386)	(22,028)	(22,689)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)															
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS	312,499	330,984	348,849	366,052	382,550	398,298	413,247	427,348	440,551	452,801	464,043	474,220	483,271	491,134	497,744
% OF AVAIL. LOAN/LEASE CF INT. RATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	(312,499)	(330,984)	(348,849)	(366,052)	(382,550)	(398,298)	(413,247)	(427,348)	(440,551)	(180,207)	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	75%	0.25% AFR	-	-	-	-	-	-	-	(204,446)	(348,032)	(355,665)	(362,453)	(368,350)	(373,308)
GROUND LEASE (Annual Pymt)	75.00%	4.55%	-	-	-	-	-	-	-	(51,111)	(87,008)	(88,916)	(90,613)	(92,088)	(93,327)
Annual Payment	293,560														
BALANCES															
RHRF Loan Balance (YE)	48,678,144	48,799,839	48,921,839	49,044,143	49,166,754	49,289,671	49,412,895	49,536,427	49,660,268	49,579,973	49,355,890	49,123,615	48,883,971	48,637,831	48,386,118
Ground Lease Payment Balance (YE)	306,917	633,937	982,098	1,352,486	1,746,241	2,164,556	2,608,681	3,079,928	3,579,666	4,058,224	4,529,995	5,028,806	5,556,249	6,114,000	6,703,831
TOTAL	48,985,061	49,433,776	49,903,936	50,396,629	50,912,994	51,454,226	52,021,576	52,616,355	53,239,935	53,638,197	53,885,886	54,152,422	54,440,220	54,751,831	55,089,949
RESIDUAL CASH FLOW	0	0	0	0	0	0	0	0	0	17,037	29,003	29,639	30,204	30,696	31,109
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	0	0	0	0	0	0	0	0	0	(15,333)	(26,102)	(26,675)	(27,184)	(27,626)	(27,998)
RESIDUAL CASH FLOW FOR DISTRIBUTION	-	-	-	-	-	-	-	-	-	1,704	2,900	2,964	3,020	3,070	3,111
GP DISTRIBUTION	0.01%	0	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION	99.99%	0	0	0	0	0	0	0	0	(1,704)	(2,900)	(2,964)	(3,020)	(3,069)	(3,111)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits
03-Mar-25

REFI

	YEAR 16 2045	YEAR 17 2046	YEAR 18 2047	YEAR 19 2048	YEAR 20 2049	YEAR 21 2050	YEAR 22 2051	YEAR 23 2052	YEAR 24 2053	YEAR 25 2054	YEAR 26 2055	YEAR 27 2056	YEAR 28 2057	YEAR 29 2058	YEAR 30 2059
ANNUAL INCOME INCREASES	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT	304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE															
RENTAL INCOME	8,572,368	8,743,816	8,918,692	9,097,066	9,279,007	9,464,587	9,653,879	9,846,957	10,043,896	10,244,774	10,449,669	10,658,663	10,871,836	11,089,273	11,311,058
MISCELLANEOUS INCOME	49,097	50,079	51,081	52,102	53,144	54,207	55,292	56,397	57,525	58,676	59,849	61,046	62,267	63,513	64,783
TOTAL POTENTIAL RENTAL INCOME	8,621,466	8,793,895	8,969,773	9,149,168	9,332,152	9,518,795	9,709,171	9,903,354	10,101,421	10,303,450	10,509,519	10,719,709	10,934,103	11,152,785	11,375,841
LESS: VACANCY	(516,885)	(527,223)	(537,767)	(548,522)	(559,493)	(570,683)	(582,096)	(593,738)	(605,613)	(617,725)	(630,080)	(642,682)	(655,535)	(668,646)	(682,019)
TOTAL REVENUE	8,104,581	8,266,672	8,432,006	8,600,646	8,772,659	8,948,112	9,127,074	9,309,616	9,495,808	9,685,724	9,879,439	10,077,027	10,278,568	10,484,139	10,693,822
OPERATING EXPENSES	(5,097,489)	(5,250,413)	(5,407,926)	(5,570,163)	(5,737,268)	(5,909,386)	(6,086,668)	(6,269,268)	(6,457,346)	(6,651,067)	(6,850,599)	(7,056,116)	(7,267,800)	(7,485,834)	(7,710,409)
PROPERTY TAXES (Special Assessments, Bonds, etc. only)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)	(82,211)	(83,855)	(85,532)	(87,243)	(88,988)	(90,768)	(92,583)	(94,435)	(96,323)	(98,250)	(100,215)	(102,219)	(104,263)	(106,349)	(108,476)
CAPITAL RESERVES	(122,743)	(125,198)	(127,702)	(130,256)	(132,861)	(135,518)	(138,229)	(140,993)	(143,813)	(146,689)	(149,623)	(152,616)	(155,668)	(158,781)	(161,957)
TOTAL EXPENSES + RESERVES	(5,312,602)	(5,469,626)	(5,631,319)	(5,797,822)	(5,969,276)	(6,145,831)	(6,327,639)	(6,514,855)	(6,707,642)	(6,906,165)	(7,110,596)	(7,321,110)	(7,537,890)	(7,761,123)	(7,991,001)
NET OPERATING INCOME	2,791,979	2,797,047	2,800,687	2,802,824	2,803,382	2,802,281	2,799,435	2,794,761	2,788,166	2,779,559	2,768,843	2,755,917	2,740,678	2,723,016	2,702,821
Add: Loan Debt Coverage Reserve	1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST	5.50%														
DEBT SERVICE RATIO ON 1ST LOAN	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)
	1.24	1.24	1.24	1.25	1.25	1.25	1.24	1.24	1.24	1.24	1.23	1.22	1.22	1.21	1.20
AVAILABLE CASH FLOW	\$ 541,982	\$ 547,050	\$ 550,690	\$ 552,828	\$ 553,386	\$ 552,284	\$ 549,439	\$ 544,764	\$ 538,170	\$ 529,563	\$ 518,847	\$ 505,921	\$ 490,681	\$ 473,020	\$ 452,825
FEES															
AVAILABLE CASH FLOW FOR FEE 1	541,982	547,050	550,690	552,828	553,386	552,284	549,439	544,764	538,170	529,563	518,847	505,921	490,681	473,020	452,825
PERCENTAGE APPLIED TO ADMIN FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)	(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2	526,403	531,003	534,162	535,804	535,851	534,223	530,836	525,603	518,434	509,235	497,909	484,355	468,468	450,141	429,259
PERCENTAGE APPLIED TO PSHIP MGMT. FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	(23,370)	(24,071)	(24,793)	(25,536)	(26,303)	(27,092)	(27,904)	(28,742)	(29,604)	(30,492)	(31,407)	(32,349)	(33,319)	(34,319)	(35,348)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)															
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS	503,033	506,933	509,369	510,267	509,548	507,131	502,932	496,862	488,830	478,743	466,502	452,006	435,149	415,822	393,911
% OF AVAIL. LOAN/LEASE CF INT. RATE	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
DEFERRED DEVELOPER FEE PYMT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	(377,275)	(380,199)	(382,027)	(382,700)	(382,161)	(380,349)	(377,199)	(372,646)	(366,623)	(359,057)	(349,877)	(339,004)	(326,362)	(311,866)	(295,433)
GROUND LEASE (Annual Pymt)	(94,319)	(95,050)	(95,507)	(95,675)	(95,540)	(95,087)	(94,300)	(93,162)	(91,656)	(89,764)	(87,469)	(84,751)	(81,590)	(77,967)	(73,858)
Annual Payment	293,560														
BALANCES															
RHRF Loan Balance (YE)	48,129,808	47,869,933	47,607,581	47,343,900	47,080,098	46,817,450	46,557,295	46,301,042	46,050,172	45,806,240	45,570,879	45,345,801	45,132,804	44,933,770	44,750,671
Ground Lease Payment Balance (YE)	7,327,606	7,987,294	8,684,967	9,422,811	10,203,128	11,028,346	11,901,020	12,823,842	13,799,648	14,831,425	15,922,315	17,075,630	18,294,853	19,583,652	20,945,887
TOTAL	55,457,414	55,857,227	56,292,548	56,766,710	57,283,227	57,845,796	58,458,315	59,124,884	59,849,820	60,637,665	61,493,194	62,421,431	63,427,657	64,517,422	65,696,558
RESIDUAL CASH FLOW	31,440	31,683	31,836	31,892	31,847	31,696	31,433	31,054	30,552	29,921	29,156	28,250	27,197	25,989	24,619
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	(28,296)	(28,515)	(28,652)	(28,703)	(28,662)	(28,526)	(28,290)	(27,948)	(27,497)	(26,929)	(26,241)	(25,425)	(24,477)	(23,390)	(22,157)
RESIDUAL CASH FLOW FOR DISTRIBUTION	3,144	3,168	3,184	3,189	3,185	3,170	3,143	3,105	3,055	2,992	2,916	2,825	2,720	2,599	2,462
GP DISTRIBUTION	0.01%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION	99.99%	(3,144)	(3,168)	(3,183)	(3,189)	(3,184)	(3,169)	(3,143)	(3,105)	(3,055)	(2,992)	(2,915)	(2,825)	(2,719)	(2,599)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits
03-Mar-25

REFI

	YEAR 31 2060	YEAR 32 2061	YEAR 33 2062	YEAR 34 2063	YEAR 35 2064	YEAR 36 2065	YEAR 37 2066	YEAR 38 2067	YEAR 39 2068	YEAR 40 2069	YEAR 41 2070	YEAR 42 2071	YEAR 43 2072	YEAR 44 2073	YEAR 45 2074
ANNUAL INCOME INCREASES	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT	304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE															
RENTAL INCOME	11,537,279	11,768,025	12,003,385	12,243,453	12,488,322	12,738,089	12,992,850	13,252,707	13,517,761	13,788,117	14,063,879	14,345,157	14,632,060	14,924,701	15,223,195
MISCELLANEOUS INCOME	66,078	67,400	68,748	70,123	71,525	72,956	74,415	75,903	77,421	78,970	80,549	82,160	83,803	85,480	87,189
TOTAL POTENTIAL RENTAL INCOME	11,603,358	11,835,425	12,072,133	12,313,576	12,559,848	12,811,044	13,067,265	13,328,611	13,595,183	13,867,087	14,144,428	14,427,317	14,715,863	15,010,180	15,310,384
LESS: VACANCY	(695,659)	(709,572)	(723,764)	(738,239)	(753,004)	(768,064)	(783,425)	(799,094)	(815,076)	(831,377)	(848,005)	(864,965)	(882,264)	(899,909)	(917,907)
TOTAL REVENUE	10,907,699	11,125,853	11,348,370	11,575,337	11,806,844	12,042,981	12,283,840	12,529,517	12,780,107	13,035,709	13,296,424	13,562,352	13,833,599	14,110,271	14,392,477
OPERATING EXPENSES	(7,941,721)	(8,179,973)	(8,425,372)	(8,678,133)	(8,938,477)	(9,206,632)	(9,482,830)	(9,767,315)	(10,060,335)	(10,362,145)	(10,673,009)	(10,993,200)	(11,322,996)	(11,662,685)	(12,012,566)
PROPERTY TAXES (Special Assessments, Bonds, etc. only)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)	(110,645)	(112,858)	(115,115)	(117,418)	(119,766)	(122,161)	(124,604)	(127,097)	(129,638)	(132,231)	(134,876)	(137,573)	(140,325)	(143,131)	(145,994)
CAPITAL RESERVES	(165,196)	(168,500)	(171,870)	(175,308)	(178,814)	(182,390)	(186,038)	(189,758)	(193,554)	(197,425)	(201,373)	(205,401)	(209,509)	(213,699)	(217,973)
TOTAL EXPENSES + RESERVES	(8,227,722)	(8,471,490)	(8,722,516)	(8,981,017)	(9,247,216)	(9,521,342)	(9,803,632)	(10,094,329)	(10,393,686)	(10,701,960)	(11,019,417)	(11,346,333)	(11,682,988)	(12,029,675)	(12,386,692)
NET OPERATING INCOME	2,679,977	2,654,362	2,625,853	2,594,320	2,559,628	2,521,639	2,480,209	2,435,188	2,386,421	2,333,750	2,277,006	2,216,020	2,150,611	2,080,597	2,005,785
Add: Loan Debt Coverage Reserve	1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST	5.50%	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN	1.19	1.18	1.17	1.15	1.14	1.12	1.10	1.08	1.06	1.04	NA	NA	NA	NA	NA
AVAILABLE CASH FLOW	\$ 429,981	\$ 404,366	\$ 375,857	\$ 344,323	\$ 309,632	\$ 271,642	\$ 230,212	\$ 185,191	\$ 136,425	\$ 83,753	\$ 2,277,006	\$ 2,216,020	\$ 2,150,611	\$ 2,080,597	\$ 2,005,785
FEES															
AVAILABLE CASH FLOW FOR FEE 1	429,981	404,366	375,857	344,323	309,632	271,642	230,212	185,191	136,425	83,753	2,277,006	2,216,020	2,150,611	2,080,597	2,005,785
PERCENTAGE APPLIED TO ADMIN FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)	(32,620)	(33,599)	(34,607)	(35,645)	(36,715)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2	405,708	379,365	350,106	317,800	282,312	243,504	201,229	155,339	105,677	52,083	2,244,386	2,182,421	2,116,004	2,044,951	1,969,070
PERCENTAGE APPLIED TO PSHIP MGMT. FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	(36,409)	(37,501)	(38,626)	(39,785)	(40,979)	(42,208)	(43,474)	(44,778)	(46,122)	(47,505)	(48,931)	(50,398)	(51,910)	(53,468)	(55,072)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)	369,299	341,864	311,480	278,015	241,334	201,296	157,755	110,560	59,555	4,578	2,195,455	2,132,022	2,064,094	1,991,484	1,913,998
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
% OF AVAIL. LOAN/LEASE CF INT. RATE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
DEFERRED DEVELOPER FEE PYMT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	(276,974)	(256,398)	(233,610)	(208,511)	(181,000)	(150,972)	(118,316)	(82,920)	(44,667)	(3,433)	(1,646,592)	(1,599,017)	(1,548,070)	(1,493,613)	(1,435,499)
GROUND LEASE (Annual Pymt)	(69,244)	(64,100)	(58,402)	(52,128)	(45,250)	(37,743)	(29,579)	(20,730)	(11,167)	(858)	(411,648)	(399,754)	(387,018)	(373,403)	(358,875)
Annual Payment	293,560														
BALANCES															
RHRF Loan Balance (YE)	44,585,574	44,440,640	44,318,131	44,220,416	44,149,966	44,109,369	44,101,326	44,128,659	44,194,314	44,301,367	42,765,529	41,273,426	39,828,539	38,434,498	37,095,085
Ground Lease Payment Balance (YE)	22,385,619	23,907,122	25,514,891	27,213,656	29,008,392	30,904,331	32,906,975	35,022,110	37,255,818	39,614,497	41,682,993	43,871,054	46,185,233	48,632,422	51,219,871
TOTAL	66,971,193	68,347,761	69,833,022	71,434,071	73,158,358	75,013,700	77,008,301	79,150,769	81,450,133	83,915,864	84,448,522	85,144,480	86,013,772	87,066,920	88,314,956
RESIDUAL CASH FLOW	23,081	21,367	19,467	17,376	15,083	12,581	9,860	6,910	3,722	286	137,216	133,251	129,006	124,468	119,625
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	(20,773)	(19,230)	(17,521)	(15,638)	(13,575)	(11,323)	(8,874)	(6,219)	(3,350)	(257)	(123,494)	(119,926)	(116,105)	(112,021)	(107,662)
RESIDUAL CASH FLOW FOR DISTRIBUTION	2,308	2,137	1,947	1,738	1,508	1,258	986	691	372	29	13,722	13,325	12,901	12,447	11,962
GP DISTRIBUTION	0.01%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)
LPs DISTRIBUTION	99.99%	(2,308)	(2,136)	(1,947)	(1,737)	(1,508)	(1,258)	(986)	(691)	(372)	(29)	(13,720)	(13,324)	(12,899)	(12,446)

KPLR - Phase 1
STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits
03-Mar-25

	YEAR 46 2075	YEAR 47 2076	YEAR 48 2077	YEAR 49 2078	YEAR 50 2079	YEAR 51 2080	YEAR 52 2081	YEAR 53 2082	YEAR 54 2083	YEAR 55 2084	YEAR 56 2085	YEAR 57 2086	YEAR 58 2087	YEAR 59 2088	YEAR 60 2089
ANNUAL INCOME INCREASES	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT	304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE															
RENTAL INCOME	15,527,659	15,838,212	16,154,976	16,478,076	16,807,637	17,143,790	17,486,666	17,836,399	18,193,127	18,556,990	18,928,129	19,306,692	19,692,826	20,086,682	20,488,416
MISCELLANEOUS INCOME	88,933	90,712	92,526	94,376	96,264	98,189	100,153	102,156	104,199	106,283	108,409	110,577	112,788	115,044	117,345
TOTAL POTENTIAL RENTAL INCOME	15,616,592	15,928,924	16,247,502	16,572,452	16,903,901	17,241,979	17,586,819	17,938,555	18,297,326	18,663,273	19,036,538	19,417,269	19,805,614	20,201,727	20,605,761
LESS: VACANCY	(936,266)	(954,991)	(974,091)	(993,573)	(1,013,444)	(1,033,713)	(1,054,387)	(1,075,475)	(1,096,984)	(1,118,924)	(1,141,303)	(1,164,129)	(1,187,411)	(1,211,159)	(1,235,363)
TOTAL REVENUE	14,680,326	14,973,933	15,273,411	15,578,880	15,890,457	16,208,266	16,532,432	16,863,080	17,200,342	17,544,349	17,895,236	18,253,140	18,618,203	18,990,567	19,370,379
OPERATING EXPENSES	(12,372,943)	(12,744,131)	(13,126,455)	(13,520,249)	(13,925,856)	(14,343,632)	(14,773,941)	(15,217,159)	(15,673,674)	(16,143,884)	(16,628,201)	(17,127,047)	(17,640,858)	(18,170,084)	(18,715,186)
PROPERTY TAXES (Special Assessments, Bonds, etc. only)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)	(148,914)	(151,892)	(154,930)	(158,029)	(161,189)	(164,413)	(167,701)	(171,055)	(174,476)	(177,966)	(181,525)	(185,156)	(188,859)	(192,636)	(196,489)
CAPITAL RESERVES	(222,332)	(226,779)	(231,315)	(235,941)	(240,660)	(245,473)	(250,382)	(255,390)	(260,498)	(265,708)	(271,022)	(276,442)	(281,971)	(287,611)	(293,363)
TOTAL EXPENSES + RESERVES	(12,754,348)	(13,132,961)	(13,522,859)	(13,924,377)	(14,337,864)	(14,763,677)	(15,202,183)	(15,653,763)	(16,118,807)	(16,597,717)	(17,090,907)	(17,598,804)	(18,121,847)	(18,660,489)	(19,215,197)
NET OPERATING INCOME	1,925,978	1,840,971	1,750,553	1,654,502	1,552,593	1,444,590	1,330,248	1,209,317	1,081,535	946,632	804,329	654,337	496,356	330,078	155,182
Add: Loan Debt Coverage Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AVAILABLE CASH FLOW	\$ 1,925,978	\$ 1,840,971	\$ 1,750,553	\$ 1,654,502	\$ 1,552,593	\$ 1,444,590	\$ 1,330,248	\$ 1,209,317	\$ 1,081,535	\$ 946,632	\$ 804,329	\$ 654,337	\$ 496,356	\$ 330,078	\$ 155,182
FEES															
AVAILABLE CASH FLOW FOR FEE 1	1,925,978	1,840,971	1,750,553	1,654,502	1,552,593	1,444,590	1,330,248	1,209,317	1,081,535	946,632	804,329	654,337	496,356	330,078	155,182
PERCENTAGE APPLIED TO ADMIN FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)	(43,839)	(45,154)	(46,509)	(47,904)	(49,341)	(50,821)	(52,346)	(53,917)	(55,534)	(57,200)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2	1,888,162	1,802,021	1,710,434	1,613,180	1,510,031	1,400,750	1,285,094	1,162,808	1,033,631	897,291	753,507	601,991	442,440	274,544	97,982
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	(56,724)	(58,426)	(60,178)	(61,984)	(63,843)	(65,759)	(67,731)	(69,763)	(71,856)	(74,012)	(76,232)	(78,519)	(80,875)	(83,301)	(85,800)
Amount Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)	1,831,438	1,743,595	1,650,255	1,551,196	1,446,188	1,334,992	1,217,363	1,093,045	961,775	823,279	677,275	523,471	361,565	191,243	12,182
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
% OF AVAIL. LOAN/LEASE CF INT. RATE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
DEFERRED DEVELOPER FEE PYMT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	(1,373,579)	(1,307,696)	(1,237,691)	(1,163,397)	(1,084,641)	(1,001,244)	(913,022)	(819,784)	(721,331)	(617,459)	(507,956)	(392,604)	(271,174)	(143,432)	(9,136)
GROUND LEASE (Annual Pymt)	(343,395)	(326,924)	(309,423)	(290,849)	(271,160)	(250,311)	(228,255)	(204,946)	(180,333)	(154,365)	(126,989)	(98,151)	(67,793)	(35,858)	(2,284)
Annual Payment	293,560														
BALANCES															
RHRF Loan Balance (YE)	35,814,245	34,596,084	33,444,882	32,365,098	31,361,370	30,438,529	29,601,604	28,855,824	28,206,633	27,659,690	27,220,883	26,896,332	26,692,399	26,615,698	26,673,101
Ground Lease Payment Balance (YE)	53,955,199	56,846,420	59,901,956	63,130,661	66,541,842	70,145,279	73,951,250	77,970,554	82,214,539	86,695,127	91,424,841	96,416,836	101,684,931	107,243,639	113,108,199
TOTAL	89,769,444	91,442,503	93,346,838	95,495,759	97,903,212	100,583,809	103,552,854	106,826,378	110,421,172	114,354,817	118,645,724	123,313,168	128,377,330	133,859,336	139,781,300
RESIDUAL CASH FLOW	114,465	108,975	103,141	96,950	90,387	83,437	76,085	68,315	60,111	51,455	42,330	32,717	22,598	11,953	761
	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)	(103,018)	(98,077)	(92,827)	(87,255)	(81,348)	(75,093)	(68,477)	(61,484)	(54,100)	(46,309)	(38,097)	(29,445)	(20,338)	(10,757)	(685)
RESIDUAL CASH FLOW FOR DISTRIBUTION	11,446	10,897	10,314	9,695	9,039	8,344	7,609	6,832	6,011	5,145	4,233	3,272	2,260	1,195	76
GP DISTRIBUTION	0.01%	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION	99.99%	(11,445)	(10,896)	(10,313)	(9,694)	(9,038)	(8,343)	(7,608)	(6,831)	(6,010)	(5,145)	(4,233)	(3,271)	(2,260)	(1,195)

KPLR - Phase 1
STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits
03-Mar-25

	YEAR 61 2090	YEAR 62 2091	YEAR 63 2092	YEAR 64 2093	YEAR 65 2094
ANNUAL INCOME INCREASES	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT	304	304	304	304	304
VACANCY RATE	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE					
RENTAL INCOME	20,898,184	21,316,148	21,742,471	22,177,320	22,620,867
MISCELLANEOUS INCOME	119,692	122,086	124,528	127,018	129,558
TOTAL POTENTIAL RENTAL INCOME	21,017,876	21,438,234	21,866,999	22,304,339	22,750,425
LESS: VACANCY	(1,260,090)	(1,285,292)	(1,310,998)	(1,337,218)	(1,363,962)
TOTAL REVENUE	19,757,786	20,152,942	20,556,001	20,967,121	21,386,463
OPERATING EXPENSES	(19,276,642)	(19,854,941)	(20,450,589)	(21,064,107)	(21,696,030)
PROPERTY TAXES (Special Assessments, Bonds, etc. only)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)	(200,418)	(204,427)	(208,515)	(212,686)	(216,939)
CAPITAL RESERVES	(299,230)	(305,215)	(311,319)	(317,545)	(323,896)
TOTAL EXPENSES + RESERVES	(19,786,449)	(20,374,742)	(20,980,583)	(21,604,497)	(22,247,025)
NET OPERATING INCOME	(28,663)	(221,800)	(424,582)	(637,376)	(860,562)
Add: Loan Debt Coverage Reserve	1.15	0	0	0	0
DEBT SERVICE 1ST	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN	5.50%	NA	NA	NA	NA
AVAILABLE CASH FLOW	\$ (28,663)	\$ (221,800)	\$ (424,582)	\$ (637,376)	\$ (860,562)
FEEs					
AVAILABLE CASH FLOW FOR FEE 1	0	0	0	0	0
PERCENTAGE APPLIED TO ADMIN FEE	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	10,000	0	0	0	0
Amount Accrued	58,916	119,600	182,104	246,483	312,793
AVAILABLE CASH FLOW FOR FEE 2	0	0	0	0	0
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	15,000	0	0	0	0
Amount Accrued	88,374	179,399	273,155	369,724	469,190
ADDITIONAL CAPITAL CONTRIBUTION (DDF)					
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS	61	62	63	64	65
% OF AVAIL. LOAN/LEASE CF INT. RATE					
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-
RHRF LOAN PAYMENTS	75%	0.25%	-	-	-
GROUND LEASE (Annual Pymt)	75.00%	AFR	-	-	-
Annual Payment	293,560				
BALANCES					
RHRF Loan Balance (YE)	26,739,784	26,806,633	26,873,650	26,940,834	27,008,186
Ground Lease Payment Balance (YE)	119,261,626	125,715,174	132,482,902	139,579,514	147,020,396
TOTAL	146,001,409	152,521,807	159,356,551	166,520,348	174,028,582
RESIDUAL CASH FLOW	0	0	0	0	0
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)	90.00%	90.00%	90.00%	90.00%	90.00%
	0	0	0	0	0
RESIDUAL CASH FLOW FOR DISTRIBUTION	-	-	-	-	-
GP DISTRIBUTION	0.01%	0	0	0	0
LPs DISTRIBUTION	99.99%	0	0	0	0

EXHIBIT F
GROUND LEASE

[Attached]

**HPHA GROUND LEASE AGREEMENT
KUHIO PARK LOW RISES AND HOMES
HONOLULU, HAWAI‘I**

LANDLORD:

Hawaii Public Housing Authority

1002 N. School St.
Honolulu, Hawai‘i 96817

TENANT:

KPLR Phase 1, LP

c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, California 90248

as of [DATE]

TABLE OF CONTENTS

	Page
<u>ARTICLE 1 - RECITALS</u>	1
<u>ARTICLE 2 - DEFINITIONS</u>	2
<u>ARTICLE 3 - DEMISE OF LEASEHOLD INTEREST</u>	5
<u>Section 3.1</u> <u>Lease to Tenant</u>	6
<u>Section 3.2</u> <u>Services by Landlord</u>	6
<u>Section 3.3</u> <u>Quiet Enjoyment</u>	6
<u>ARTICLE 4 - IMPROVEMENTS</u>	7
<u>Section 4.1</u> <u>Improvements to be Constructed</u>	7
<u>Section 4.2</u> <u>Compliance with Laws</u>	7
<u>Section 4.3</u> <u>Approvals, Permits, and Licenses</u>	7
<u>Section 4.4</u> <u>Ownership of Improvements</u>	8
<u>Section 4.5</u> <u>Public Improvements</u>	8
<u>ARTICLE 5 - REPRESENTATIONS AND WARRANTIES</u>	8
<u>Section 5.1</u> <u>Landlord's Representations and Warranties</u>	8
<u>Section 5.2</u> <u>Tenant's Representations and Warranties</u>	9
<u>ARTICLE 6 - TERM</u>	10
<u>Section 6.1</u> <u>Term of Lease</u>	10
<u>ARTICLE 7 - PAYMENTS BY TENANT</u>	10
<u>Section 7.1</u> <u>Base Rent</u>	10
<u>Section 7.2</u> <u>Reserved</u>	11
<u>Section 7.3</u> <u>Payments by Tenant</u>	11
<u>ARTICLE 8 - TAXES: OPERATING EXPENSES</u>	11
<u>Section 8.1</u> <u>Taxes</u>	11
<u>Section 8.2</u> <u>Operating Budget</u>	11
<u>Section 8.3</u> <u>Adjustments</u>	11
<u>ARTICLE 9 - INSURANCE</u>	12
<u>Section 9.1</u> <u>Tenant's Insurance</u>	12
<u>Section 9.2</u> <u>Waiver of Insured Claims</u>	14
<u>ARTICLE 10 - USE OF DEMISED PREMISES: COVENANTS RUNNING WITH THE</u> <u>LAND</u>	14
<u>Section 10.1</u> <u>Permitted Use</u>	14
<u>Section 10.2</u> <u>Compliance with Laws</u>	14
<u>ARTICLE 11 - ENVIRONMENTAL COVENANTS AND INDEMNITIES</u>	14
<u>Section 11.1</u> <u>Tenant's Environmental Covenants</u>	14
<u>Section 11.2</u> <u>Landlord's Environmental Covenants</u>	15
<u>Section 11.3</u> <u>Tenant's Environmental Indemnity</u>	16
<u>Section 11.4</u> <u>Intentionally Omitted</u>	17
<u>Section 11.5</u> <u>Survival</u>	17
<u>ARTICLE 12 - ASSIGNMENTS AND TRANSFERS</u>	17
<u>Section 12.1</u> <u>Consent Required</u>	17
<u>Section 12.2</u> <u>Subsequent Assignment</u>	17
<u>Section 12.3</u> <u>Request for Consent</u>	17

Section 12.4	Transfer by Tenant.....	17
<u>ARTICLE 13 - LEASEHOLD FINANCING AND TAX CREDIT INVESTOR.....</u>		18
Section 13.1	Right to Mortgage.....	18
Section 13.2	Consent Required for Termination and Amendments	19
Section 13.3	Default Notice.....	19
Section 13.4	Notice to Leasehold Mortgagee.....	20
Section 13.5	Assumption of Tenant's Obligations	20
Section 13.6	Non-curable Defaults	20
Section 13.7	No Merger	20
Section 13.8	Landlord's Fee to Remain Unsubordinated.....	21
Section 13.9	Sale, Mortgage, or Conveyance of the Demised Premises	21
Section 13.10	Notice to Tax Credit Investor	21
Section 13.11	Tax Credit Investor's Opportunity to Replace Tenant's Managing Member	21
Section 13.12	Leasehold Mortgagee's Right to New Lease.....	21
Section 13.13	No Personal Liability	22
<u>ARTICLE 14 - MAINTENANCE AND REPAIR.....</u>		22
Section 14.1	Tenant's Obligations.....	22
<u>ARTICLE 15 - ALTERATIONS.....</u>		23
Section 15.1	Non-Structural Alterations.....	23
Section 15.2	Structural Alterations.....	23
Section 15.3	No Liens.....	23
Section 15.4	Permitted Contests	23
<u>ARTICLE 16 - SURRENDER.....</u>		24
Section 16.1	Expiration of Term.....	24
<u>ARTICLE 17 - CASUALTY; CONDEMNATION</u>		24
Section 17.1	Restoration, Casualty, or Condemnation	24
<u>ARTICLE 18 - DEFAULT; REMEDIES.....</u>		24
Section 18.1	Landlord's Right to Perform.....	24
Section 18.2	Events of Default	25
Section 18.3	Landlord's Right To Terminate Upon Tenant Default	26
Section 18.4	Regulatory Default.....	27
Section 18.5	Force Majeure Event.....	28
Section 18.6	Managerial Default	28
<u>ARTICLE 19 - MISCELLANEOUS.....</u>		30
Section 19.1	No Brokers.....	30
Section 19.2	Recordation.....	30
Section 19.3	Transfer of Landlord's Interest	30
Section 19.4	No Waiver.....	30
Section 19.5	Joint and Several Liability	30
Section 19.6	Captions, Exhibits, Gender, Etc.....	30
Section 19.7	Entire Agreement.....	31
Section 19.9	Severability	31
Section 19.10	Notices	31
Section 19.11	Litigation Fees	32
Section 19.12	Waiver of Jury Trial.....	33

<u>Section 19.13</u>	<u>Governing Law and Venue</u>	33
<u>Section 19.14</u>	<u>Binding Effect</u>	33
<u>Section 19.15</u>	<u>Cumulative Rights</u>	33
<u>Section 19.16</u>	<u>Relationship of Parties</u>	33
<u>Section 19.17</u>	<u>Non-Merger</u>	33
<u>Section 19.18</u>	<u>Counterparts</u>	33
<u>Section 19.19</u>	<u>Limited Liability</u>	33
<u>Section 19.20</u>	<u>Cooperation</u>	34
<u>Section 19.22</u>	<u>Progress Reports</u>	34
<u>Section 19.23</u>	<u>Relationship of Parties</u>	34
EXHIBIT A		38
EXHIBIT A-1		42
EXHIBIT A-2		43
EXHIBIT B		45
EXHIBIT C		47
EXHIBIT D		48
EXHIBIT E		49
EXHIBIT F		51
EXHIBIT G		52

**HPHA GROUND LEASE
BETWEEN THE HAWAII PUBLIC HOUSING AUTHORITY AND KUHIO PARK 2,
LLC**

BASIC LEASE INFORMATION

DATE: AS OF [DATE]

LANDLORD: HAWAII PUBLIC HOUSING AUTHORITY

TENANT: KPLR Phase 1, LP, a Hawaii limited partnership

PREMISES: CERTAIN PREMISES SITUATED IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAI'I, AS MORE PARTICULARLY DESCRIBED IN EXHIBIT "A"

ANNUAL BASE RENT: \$[293,560.00]

COMMENCEMENT DATE: [DATE]

TERM: THE PERIOD BEGINNING OF THE COMMENCEMENT DATE AND ENDING ON 65 YEARS, AS MAY BE EXTENDED

LANDLORD'S ADDRESS FOR NOTICES: 1002 N. SCHOOL ST.
P.O. BOX 17907
HONOLULU, HAWAI'I 96817
ATTN: EXECUTIVE DIRECTOR

TENANT'S ADDRESS FOR NOTICES:

The Basic Lease Information is part of the Lease; however, if any of the Basic Lease Information contradicts any provision of the Lease, the provisions of the Lease will prevail.

HPHA GROUND LEASE AGREEMENT

THIS HPHA GROUND LEASE AGREEMENT (this “**Lease**”) effective as of _____, 2024 is by and between the HAWAII PUBLIC HOUSING AUTHORITY, a public body corporate and politic organized and existing pursuant to Chapter 356D of the Hawaii Revised Statutes, with a chief executive office located at 1002 N. School Street, Honolulu, Hawai‘i 96817 (“**Landlord**”), and KPLR Phase 1, LP, a Hawai‘i limited partnership, located at c/o Highridge Costa Development Company, LLC, 330 West Victoria, Gardena, California 90248 (“**Tenant**”).

ARTICLE 1- RECITALS

A. Landlord is the fee simple owner of the land located in the City and County of Honolulu, State of Hawai‘i, situated on a portion of TMK Parcels (1) 1-3-039:006 and (1) 1-3-039:008, Condominium Unit Numbers 1-4, as more particularly described in Exhibit A and A-1, attached hereto and incorporated herein by this reference (the “**Demised Premises**”).

B. Landlord selected The Michaels Development Company I, L.P., a New Jersey limited partnership (“**Michaels**”), an experienced developer of distressed public and affordable housing projects, to undertake the redevelopment of the Kuhio Park Terrace and Kuhio Homes public housing development (the “**Redevelopment**”) and Landlord and Michaels entered into that certain Master Development Agreement, effective on or about May 2011 (the “**Original Development Agreement**”), which the Original Development Agreement was amended and Restated by that certain Amended and Restated Master Development Agreement – Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Park Homes dated as of July 8, 2020, as may be further amended (“**Redevelopment Agreement**”). Tenant is an affiliate of Michaels.

C. Under the Redevelopment Agreement, the Redevelopment will include up to ten (10) phases and involve (i) redevelopment of one hundred seventy-four (174) units of federally subsidized low-income public housing situated on approximately 2.998 acres and (ii) 6.4 acres zone P-2 (TMK# (1)3-039-007-000) currently improved with a recently developed community center and a baseball field, more particularly described in Exhibit A-3 of the Redevelopment Agreement, to consist of a minimum of four hundred sixty-nine (469) residential units and related site improvements and amenities. Each development phase will be owned and developed under the terms of a disposition and development agreement (“**Disposition and Development Agreement**”) and ground lease between the Landlord and a Hawai‘i limited partnership of limited liability company formed by the Master Developer. This Lease is in furtherance of the second phase of the Redevelopment.

D. The Landlord applied to the United States Department of Housing and Urban Development (“**HUD**”) for permission to dispose of existing buildings at Kuhio Park Terrace Low-Rises and Kuhio Homes inclusive of the Demised Premises, which HUD approved by letter dated August 12, 2024.

E. Michaels entered into a Transfer Agreement with HCDC Kuhio Park 1 LLC, a Hawai‘i limited liability company (“Tenant”) on February 26, 2025, subject to further agreement and approval by Landlord. Landlord, through its Board of Directors, approved the Transfer Agreement and authorized the Landlord to enter into the Transfer Agreement and this Lease.

F. In accordance with the Redevelopment Agreement, the redevelopment will be undertaken in phases. Phase 1, which is also known as *Kuhio Park Terrace Low-Rise* (“**Phase 1**”) will consist of three hundred four (304) residential units (the “**Units**”) across an anticipated four (4) buildings each of which will be a condominium unit. Of the Units, three hundred two (302) will be low-income housing tax credit (“**LIHTC**”) units administered in accordance with Section 42 of the Internal Revenue Code, as amended (the “**Code**”), and two (2) will be managerial units. A total of sixty-five (65) of the Units will be non-Rental Assistance Demonstration (“**RAD**”) program Section 8 Project-Based Voucher units (the “**PBV Units**”) subsidized pursuant to a non-RAD Section 8 Project-Based Voucher Housing Assistance Payments Contract (the “**HAP Contract**”). At the closing of the Project’s construction financing, the Authority, as contract administrator for the U.S. Department of Housing and Urban Development (“**HUD**”), will enter into an Agreement to Enter Into a Housing Assistance Payments Contract (the “**AHAP**”) with the Owner. The PBV Units shall be operated in accordance with all federal statutory, regulatory (24 CFR part 983), and programmatic requirements applicable to the PBV Units, executive order requirements, and the Authority’s Section 8 Administrative Plan, each as may be amended from time to time (the “**PBV Requirements**”). The HAP Contract will have a term of not less than twenty (20) years.

G. Tenant wishes to ground lease from Landlord, pursuant to this Lease, the Demised Premises, on which Tenant will construct Phase 1 of the Redevelopment.

NOW, THEREFORE, in consideration of these presents, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby enter into this Lease on the terms and conditions set forth herein.

ARTICLE 2- DEFINITIONS

Capitalized terms used in this Lease and not otherwise defined shall have the meanings referred to below.

“**Act**” - Means the United States Housing Act of 1937, as amended from time to time, and any subsequent legislation.

“**Additional Rent**” - See Section 18.1

“**Agreement**” - shall mean this Lease.

“**AHAP**” See Article 1.

“Base Rent” - See Section 7.1.

“Base Rent Transition Date” – See Section 7.1.

“Certificate of Insurance” – See Section 9.1.

“City” - See Section 4.2

“Commencement Date” - See Basic Lease Information

“Completion Date” – Means _____, 202_, as may be extended with the Landlord’s and Tenant’s approval (such approval not to be unreasonably withheld, delayed, or conditioned) as a result of negotiated or required change orders requiring additional time to construct the Premises.

“Condominium Documents” – Means the Declaration of Condominium Property Regime dated [____], and recorded in the Land Court as Document No. [____], By-Laws of the Association of Unit Owners of Kuhio Park Low Rise dated [____], and recorded in the Land Court as Document No. [____], and Condominium Map No. [____].

“Controlling Interest” - See Section 12.4

“Debt Service Coverage Ratio” – See Section 18.6(a).

“Demised Premises” – See Article 1.

“Disposition and Development Agreement” – See Article 1.

“Entitlement Approvals” – See Section 10.1.

“Environmental Laws” – See Exhibit C.

“Environmental Report” - See Section 5.1(g) and Exhibit E.

“Event of Default” - See Section 18.2.

“Fiscal Year” – Means each fiscal year of Tenant.

“Force Majeure Event” – See Section 18.5.

“Governmental Authorities” - See Section 4.2.

“HAP Contract” - See Article 1.

“Hazardous Materials” – See Exhibit C.

“HUD” - See Article 1.

“Improvements” - Means all buildings, structures, and other permanent improvements now or hereafter erected on, over, or under the Demised Premises, including all walkway and road improvements, parking areas and facilities, landscaping improvements of whatever nature, utility and sewage lines (to the extent of Tenant’s interest therein) and the appurtenances to all of the foregoing made in accordance with the approved Plans and Specifications, as may be amended from time to time.

“Investor Member” - Means the Tax Credit Investor, in its capacity as the investor member of Tenant, and its successors and assigns.

“Land Court” – Means the Office of the Assistant Registrar of the Land Court of the State of Hawai‘i.

“Landlord” - See Preamble.

“Lease” - See Preamble.

“Leasehold Mortgage” - See Section 13.1

“Leasehold Mortgagee” - See Section 13.1

“LIHTC” - See Article 1.

“Management Agent” - Means Michaels Management – Affordable LLC, New Jersey limited liability company, and its successors and assigns.

“Managerial Default” – See Section 18.6(a).

“Operating Agreement” - Means that certain Amended and Restated Operating Agreement of Tenant of substantially even date herewith.

“Operating Budget” – See Section 8.2.

“Operating Expenses” – Means all costs and expenses attributable to or incurred in connection with the operation, maintenance, and repair of the Demised Premises and Improvements.

“Permitted Encumbrances” – Means all mortgages, easements, and other encumbrances permitted to exist with regard to the title to the Property, as set forth on Exhibit F, attached hereto and incorporated herein by this reference, or as otherwise jointly agreed to by Landlord and Tenant.

“Plans and Specifications” - Means all those plans and specifications for the Improvements to be constructed on the Demised Premises and all associated work, as approved by the Landlord, as may be amended from time to time.

“Purchase Option and Right of First Refusal Agreement” – shall mean the document negotiated between Landlord and Tenant, which sets forth the terms of the purchase option.

“Premises” – Means the Demised Premises and the Improvements.

“PBV Requirements” - See Article 1.

“PBV Units” - See Article 1.

“RAD” - See Article 1.

“Redevelopment Agreement” - See Article 1.

“Regulatory Default” — See Article 18.4(a).

“Rent” - Means, collectively, Base Rent and Additional Rent.

“Rent Adjustment Date” – See Section 7.1.

“Tax Credit Investor” – Means, _____.

“Tax Credit Requirements” - Means any applicable matters required by Section 42, the Hawaii Housing Finance and Development Corporation (“**HHFDC**”) or any agreement with a condition of receipt of tax credits, whether or not such requirement is explicitly stated in Section 42, regulations thereunder, or HHFDC requirements.

“Tax Credit Units” - See Section 4.1.

“Tenant”- See Preamble.

“Term” - See Section 6.1.

“Transfer” - See Section 12.1.

“Units” - See Article 1.

ARTICLE 3- DEMISE OF LEASEHOLD INTEREST

Section 3.1 Lease to Tenant. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Demised Premises, upon the terms and conditions stated herein. The Demised Premises are leased:

(a) subject only to:

- (i) any state of facts an accurate survey of the Premises would show;
- (ii) any state of facts a personal inspection would show (provided, however, that Landlord is unaware of any latent defects to the Demised Premises not disclosed to Tenant);
- (iii) the Permitted Encumbrances;
- (iv) present and future zoning laws, ordinances, resolutions and regulations of any governmental authority and all present and future ordinances, statutes, laws, regulations and orders of all boards, bureaus, departments, agencies, commissions and bodies of any municipal, county, state or federal sovereign, or any applicable exemptions therefrom;
- (v) the effect of all present and future municipal, state or federal laws, orders and regulations relating to the Tenant, sub-lessees or occupants of the Demised Premises;
- (vi) rules and regulations contained in the Condominium Documents; and
- (vii) rights of former residents of Kuhio Park Terrace and Kuhio Homes to occupy the Demised Premises pursuant to the Relocation Plan and Management Plan.

(b) Together with the right to pass and repass over all existing and future ways and public areas located on, in or appurtenant to the Demised Premises and/or shown on the ALTA/ACSM Land Title Survey Subdivision Map set forth in Exhibit A, and the right to use such other portions of the Demised Premises and all utilities and service conduits and facilities thereon to facilitate the construction of the Improvements pursuant to the Plans and Specifications.

(c) This Lease is subject to the prior approval of HUD and the Investor Member and Senior Lender. The Lease will not be effective until approval from the above-named entities is received.

Section 3.2 Services by Landlord. Except as otherwise provided herein, it is expressly agreed that Landlord is not and shall not be required under this Lease to render any services of any kind to Tenant. Nothing herein shall modify the terms of any separate agreement between Tenant and Landlord.

Section 3.3 Quiet Enjoyment. Tenant, upon paying the Rent and other charges herein provided for and observing and keeping all covenants, agreements, and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Demised Premises during the term of this

Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations, and conditions of this Lease, including Permitted Exceptions.

ARTICLE 4- IMPROVEMENTS

Section 4.1 Improvements to be Constructed. Tenant shall construct the Improvements or cause the Improvements to be constructed on the Demised Premises, at its sole expense no later than the Completion Date, subject to a Force Majeure Event. Upon completion, the Improvements shall, subject to a Force Majeure Event, include a total of three hundred two (302) housing units which shall be available for rental for the period required by the Tax Credit Requirements to households with incomes at or below sixty percent (60%) of the area median income (the “**Tax Credit Units**”) at initial occupancy. Of the Tax Credit Units, sixty-five (65) shall be PBV Units operated in accordance with the PBV Requirements as described by Section 8(o)(13) of the Act, as amended, and its implementing regulations and guidance as may be modified by HUD pursuant to and for the term of the HAP Contract applicable to the PBV Units and any extensions of that contract. Tenant shall take no action to effectuate any material amendments, modifications, or any other material alterations to the Plans and Specifications without Landlord’s prior written consent, which shall not be unreasonably withheld, conditioned, or delayed.

Section 4.2 Compliance with Laws. The Improvements shall be constructed in good and workmanlike manner and conformance with all applicable laws, ordinances, codes, orders, rules, and regulations of all governmental authorities, agencies or departments having jurisdiction over the Improvements (collectively, “**Governmental Authorities**”), including, insofar as applicable, Landlord, the United States Government, including but not limited to HUD, the City and County of Honolulu (the “**City**”), and the State of Hawai‘i.

Section 4.3 Approvals, Permits, and Licenses. Tenant shall apply for, assume all costs of, and prosecute, with reasonable diligence, all necessary approvals, permits, and licenses required for the construction, development, use, utility easements, operation, and occupancy of the Improvements, all in substantial accordance with the Plans and Specifications. Landlord agrees to cooperate with and publicly support Tenant’s efforts to obtain such permits and licenses that are in substantial accordance with the Plans and Specifications. If required, Landlord shall consent and allow Tenant to apply for and prosecute, with reasonable diligence, all necessary approvals, permits, and licenses required for the construction, development, use, operation, and occupation of the Improvements, in the name of Landlord, at Tenant’s sole cost and expense. Tenant shall ensure that the Improvements are built in substantial conformance with the Plans and Specifications, excepting any change required for compliance with building codes or other government health and safety requirements. Tenant must obtain Landlord’s consent for any individual change order exceeding \$50,000.00 and aggregate change orders exceeding \$250,000.00. Additionally, Tenant shall cause its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligation, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction of Phase I, and one hundred percent (100%) payment bond. Said bonds must be issued by an insurance company

that is licensed to do business in the State of Hawai‘i and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year’s Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond must name Landlord as a dual-obligee or assignee.

Section 4.4 Ownership of Improvements. Landlord and Tenant acknowledge and agree that during the entire Term, Tenant shall be the owner of the Improvements, and as such, Tenant shall be entitled to all depreciation deductions and LIHTCs and other benefits for income tax purposes relating to the Improvements and the Demised Premises. At the expiration of the Term by the passage of time or otherwise, indefeasible fee simple title in and to the Improvements shall automatically vest in Landlord.

Section 4.5 Public Improvements. Landlord hereby represents and confirms that the Demised Premises are currently serviced by Linipuni Street which is a public street owned by the City.

ARTICLE 5- REPRESENTATIONS AND WARRANTIES

Section 5.1 Landlord’s Representations and Warranties. Landlord hereby represents and warrants to Tenant that

- (a) Landlord owns fee simple good and marketable title to the Demised Premises, free and clear of all liens, charges, encumbrances, encroachments, easements, restrictions, leases, tenancies, occupancies or agreements, and other matters affecting title, except for the Permitted Encumbrances.
- (b) Landlord has full right, power, and authority to make, execute, deliver, and perform its obligations under this Lease. Landlord has obtained all required and necessary consents and approvals to enter into this Lease with Tenant. The entry by Landlord into this Lease with Tenant and the performance of all of the terms, provisions, and conditions contained herein does not and will not violate or cause a breach or default under any agreement or obligation to which Landlord is a party or by which it is bound.
- (c) There are no unpaid special assessments of which Landlord has received notice, or of which Landlord is otherwise aware for sewer, sidewalk, water, paving, gas, electrical or utility improvements or other capital expenditures, matured or unmatured, affecting the Demised Premises.
- (d) Except for the right of the residents displaced as a result of Phase 1 or the Redevelopment as a whole as described in the Redevelopment Agreement, the Disposition and Development Agreement, and for the Purchase Option and Right of First Refusal Agreement executed on substantially even date herewith, Landlord is not obligated under any contract, lease, or agreement, oral or written, with respect to the ownership, use, operation,

management, maintenance, lease, sale or financing of the Demised Premises, other than ongoing obligations pursuant to the Redevelopment Agreement, Multi-Phase Predevelopment Loan and/or the Phase Related Predevelopment Loan Agreement Kuhio Park Terrace Low Rise Phase 1.

- (e) Except as disclosed to Tenant in writing, to the best of Landlord's knowledge, there is no action, suit, litigation, or proceeding pending or, to Landlord's knowledge, threatened against Landlord and/or the Demised Premises which could prevent or impair Landlord's entry into this Lease and/or performance of its obligations hereunder.
- (f) The person signing this Lease on behalf of Landlord is duly and validly authorized to do so.
- (g) Except as may be referenced in those environmental reports attached at Exhibit E hereto (the "**Environmental Report**"), to the best of Landlord's information, knowledge, and belief, there are no Hazardous Materials or underground storage tanks located in, on, or under the Premises. Except as may be referenced in the Environmental Report, to the best of Landlord's information, knowledge, and belief, no notice from any governmental authority or any person has ever been issued to Landlord, its agents, or employees, claiming any violation of any Environmental Law with respect to the Premises.
- (h) Landlord has received no notice and has no knowledge, nor has Landlord been otherwise advised, of any pending or threatened Condemnation (as herein defined) relating to all or any part of the Premises.
- (i) There are no fee mortgages on the Premises, nor will Landlord place fee mortgages on the Premises, during the term of this Lease without the written consent of the Leasehold Mortgagees (as hereinafter defined).

Section 5.2 Tenant's Representations and Warranties. Tenant hereby warrants and represents to Landlord that:

- (a) Tenant is a duly organized, lawfully existing limited liability company and is in good standing under the laws of the State of Hawai'i.
- (b) Tenant has the full right, power, and authority to make, execute, deliver, and perform its obligations under this Lease.
- (c) Tenant's execution and delivery of this Lease has been authorized by all requisite action on the part of Tenant and its managing member, and the execution and delivery of this Lease by Tenant and the performance of its obligations hereunder will not violate or contravene any agreement or obligation to which Tenant is a party or by which it is bound.

- (d) There is no action, suit, litigation, or proceeding pending or, to Tenant's knowledge, threatened against Tenant or any Tenant affiliate which could prevent or impair Tenant's entry into this Lease and/or the full and complete performance of its obligations hereunder.
- (e) The person signing this Lease on behalf of Tenant is duly and validly authorized to do so.

ARTICLE 6- TERM

Section 6.1 Term of Lease. The term of this Lease shall be, unless sooner terminated in accordance with the provisions hereof, for a period commencing upon the Commencement Date and ending on [____], 2090 (the "**Term**"), provided, however, that the Term may be extended for an additional ten (10) years at the option of the Tenant, or Leasehold Mortgagee on behalf of the Tenant, by giving written notice to the Landlord at least six (6) months before the expiration of the Term.

ARTICLE 7- PAYMENTS BY TENANT

Section 7.1 Base Rent. The parties agree to account for this Lease as an operating lease for tax accounting purposes. During the Term, annual base rent ("**Base Rent**") shall be \$[293,560.00] per annum, increasing annually at the rate of two percent (2%), beginning the year following the Completion Date and continuing for the remainder of the Term, from seventy-five (75%) percent of the then available cash flow after payments of certain priority items as set forth, and in the manner and priority as set forth in, Section __ of the Tenant's Operating Agreement attached at Exhibit A-2 hereto. To the extent that available cash flow is insufficient to pay annual payments of the Base Rent, such unpaid amount shall accrue and be due and payable with the subsequent installment of the Base Rent. Any Base Rent for which there is insufficient cash flow available in any given year ("**Accrued Base Rent**") shall be deferred to the following year and be paid from subsequent years' cash flow (in the same priority) until paid in full and such amounts shall bear interest at the then existing long-term Applicable Federal Rate (as such term is defined in Section 1274(d) of the Code) ("**Applicable Interest Rate**"). Any Accrued Base Rent must be paid in full, in all events, on the earlier of (a) the "**Base Rent Transition Date**" which will be the later of [forty-two] years from the Commencement Date, (b) upon a sale, lease, assignment, mortgage, pledge, hypothecation or other transfer of all, or any portion, of the Demised Premises, or (c) the actual "Maturity Date" of any then-existing senior debt encumbering the Demised Premises. In the case of a sale or refinancing of Phase I, the Tenant shall pay the Accrued Base Rent in accordance with Section __ of the Tenant's Operating Agreement attached at Exhibit A-3 hereto. After the Base Rent Transition Date, the Base Rent must be paid annually, in arrears, without regard to the availability of net cash flow. The parties acknowledge and agree that the Base Rent provided herein constitutes fair market rent for the right to use the Demised Premises and agree to account for payment thereof as an expense for tax and accounting purposes. Base Rent and Accrued Base Rent are subordinate to the amounts due under the Leasehold Mortgages. On the sixteenth (16) year of the Term, and on each successive fifteen (15) year period thereafter, as such period may be determined by Landlord (each of which

shall be a “**Rent Adjustment Date**”), the Base Rent shall be reopened and redetermined to reflect the fair market value of the Demised Premises as determined by a disinterested appraiser whose services shall be contracted by Lessor; provided, however, that the reset Base Rent shall never be less than the prior year’s rental amount.

Section 7.2 Reserved.

Section 7.3 Payments by Tenant. Unless otherwise expressly set forth in this Lease, during the Term, all costs, expenses, liabilities, charges, or other deductions whatsoever with respect to the Demised Premises and the construction, ownership, leasing, operation, maintenance, repair, rebuilding, use, or occupation of the Demised Premises or the Improvements or both, or with respect to any interest of Landlord in the Demised Premises or this Lease, shall be the responsibility of and paid by Tenant.

ARTICLE 8- TAXES: OPERATING EXPENSES

Section 8.1 Taxes. During the Term, Tenant shall pay any real property taxes which are assessed against the Premises by any taxing authority and any payments required by any cooperation agreement providing for payments in lieu of taxes which now exist or at any time in the future may be entered into by Tenant with the City. Landlord has paid and shall pay all other local, state, or federal taxes assessed against Landlord, if any; local, state, or federal capital levy of Landlord, if any; or sales, excise, franchise, gift, estate, succession, inheritance taxes, of Landlord, if any.

Section 8.2 Operating Budget. Tenant shall provide Landlord, not later than ninety (90) days before the beginning of each Fiscal Year, a proposed operating budget for the Demised Premises (the “**Operating Budget**”) for review and written approval. The proposed Operating Budget shall set forth (a) the projected operating income and Operating Expenses for the Demised Premises, (b) the proposed capital replacements and expenses, and (c) the proposed withdrawals from various reserves, including but not limited to, the capital replacement reserve (as defined in Tenant’s Operating Agreement), to meet capital and operating requirements. Landlord will respond to the proposed Operating Budget within sixty (60) days. With respect to items 8.2(b) and 8.2(c), Landlord must provide explicit written approval. Once the Operating Budget is approved by the Landlord, Landlord shall have the right to propose reasonable amendments to the Operating Budget. Landlord and Tenant agree to cooperate to resolve any differences regarding the proposed Operating Budget. In addition, Tenant shall be required to annually submit to Landlord a copy of audited financial statements for Phase I within ninety (90) days following the end of each Fiscal Year, but in no event later than April of each Year, during the Term. Landlord shall have the right to inspect all books and records related to the development, operation, and management of Phase I.

Section 8.3 Adjustments. Residential tenant rents and other revenues, taxes, and Operating Expenses, payable with respect to the Premises for the month in which the Commencement Date occurs shall be prorated as of the Commencement Date. Residential tenant rents and other charges which at the Commencement Date are past due shall not be prorated and Tenant shall retain those amounts, as and when collected by Tenant. The right to receive and

collect all residential tenant rents and profits, delinquent or otherwise, shall be transferred to Tenant as of the Commencement Date. Tenant shall provide Landlord with a status report as to the collection of delinquent residential tenant rents each month for three months after the Commencement Date.

All other income and Operating Expenses of the Premises, including, without limitation, public utility charges, maintenance, management, and other service charges, and all other normal operating charges shall be prorated as of the Commencement Date based upon the best available information. The obligation of the parties to adjust, post-Commencement Date, Operating Expenses as of the closing date, to the extent unknown or not provided for at the execution of this Lease, shall be paid by the party responsible therefor within thirty (30) days after written demand has been made. Such demand shall include a copy of the invoice(s) for which payment or reimbursement is sought.

ARTICLE 9- INSURANCE

Section 9.1 Tenant's Insurance.

- (a) Tenant agrees, at its sole expense, to procure and maintain at all times during the term of this Lease the types of insurance specified in Exhibit B hereto, and on the terms specified below, to protect Landlord from the liability arising from the negligence of the Tenant, its officers, subcontractors, joint venture, members, partners, agents or employees. The insurance carriers used by Tenant must be authorized to conduct business in the State of Hawai'i and shall have a BEST Rating of not less than an "A-" except where noted. The insurance provided shall cover all operations under this Lease, whether performed by Tenant, its agents, or its subcontractors. In the event of the failure or insolvency of any insurer of Tenant which results in the failure of such insurer to pay for a claim that would otherwise be covered under Tenant's policy of insurance with the same, Tenant shall indemnify and hold Landlord harmless from and against any claims, suits, liability and damages which might result therefrom, including but not limited to reasonable attorneys' fees and the costs of defending the same.
- (b) Certificates of Insurance. Before the issuing of the Notice to Proceed by the Landlord, Tenant and its Sub-Contractors shall furnish Landlord with satisfactory evidence (subject to the approval of Landlord) that Tenant and its Sub-Contractors have the insurance coverage set forth in Exhibit B, and which shall name Landlord and the State of Hawai'i as additional named insureds. Tenant will immediately provide written notice to the Landlord should any of the insurance policies evidenced on its Certificate of Insurance form be canceled, limited in scope, or not renewed upon expiration.
- (c) All insurance policies shall contain the following clauses:

- (i) “The State of Hawai‘i, the HPHA, its elected and appointed officials, officers, and employees are added as additional insured with respect to operations performed for the State of Hawai‘i and HPHA.”
- (ii) “It is agreed that any insurance maintained by the State of Hawai‘i will apply in excess of, and not contribute with, insurance provided by this policy.”

Tenant shall advise all insurers of the contract provisions regarding insurance and other requirements of this Lease. The failure of Tenant to notify insurers of the contract provisions shall not relieve Tenant from its insurance obligations under this Lease. Nonfulfillment of the insurance provisions shall constitute a breach of this Lease and the Landlord retains the right to stop work until satisfactory evidence of insurance is provided.

- (d) Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Landlord before the expiration of insurance coverage. At the Landlord’s option, following non-compliance and reasonable opportunity to cure (but no less than fifteen (15) days) the Landlord may purchase insurance on behalf of Tenant and will charge back all costs to Tenant. The receipt of any certificate does not constitute agreement by the Landlord that the insurance requirements in the Lease have been fully met or that the insurance policies indicated on the certificate comply with the requirements of the Lease. The Tenant shall provide thirty (30) days written notice to be given to Landlord if coverage is to be substantially changed, canceled, or non-renewed.
- (e) If any of the required insurance is underwritten on a claims-made basis, the retroactive date shall be before or coincident with the date of this Lease and the Certificate of Insurance shall state the coverage is “claims made” and also the Retroactive Date. Tenant shall maintain coverage for the duration of this Lease. Any extended reporting period premium (tail coverage) shall be paid by Tenant.
- (f) Not less than annually, Tenant shall provide to Landlord certificate(s) of insurance naming Landlord as an additional insured, and a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that Tenant shall provide Landlord thirty (30) days prior written notice if any of the following conditions occur: aggregate erosion in advance of the Retroactive Date, cancellation, and/or non-renewal.
- (g) Tenant shall require all subcontractors to carry the insurance required herein or Tenant may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in this Section 9.1. Evidence of such coverage must be submitted to

Landlord not later than fifteen (15) days before the date on which such subcontractor is to begin work on the Demised Premises.

- (h) Tenant expressly understands and agrees that any insurance or self-insurance programs maintained by Landlord shall be only for the benefit of Landlord and shall apply in excess of and will not contribute with insurance provided by Tenant under this Lease.

Section 9.2 Waiver of Insured Claims. Each of Landlord and Tenant hereby waives the right of recovery against the other for loss or injury against which the waiving party is protected by insurance, but only to the extent of such insurance.

ARTICLE 10- USE OF DEMISED PREMISES: COVENANTS RUNNING WITH THE LAND

Section 10.1 Permitted Use. Tenant will cause the Demised Premises to be used only in the manner permitted by the following, each and to the extent applicable to the Demised Premises: (i) any documents including modifications, renewals, or replacements required by the Tax Credit Requirements including the Extended Low-Income Housing Commitment recorded or to be recorded in the land records of the City, to which reference may be had; (ii) any documents including modifications, renewals or replacements required by the HAP Contract applicable to the Project Based Section 8 program pursuant to the U.S. Housing Act of 1937, as amended, including the PBV Requirements; (iii) any Condominium Documents, including modifications, renewals or replacements thereof, recorded or to be recorded in the Land Court; (iv) any approvals under Haw. Rev. Stat. 201H-38 and associated regulatory agreements (“**Entitlement Approvals**”); and (v) the Declaration of Restrictive Covenants and Use Agreement. Such covenants contained herein are intended to create covenants running with the land and shall also be binding upon Tenant’s successors and assigns, including any entity which succeeds to Tenant’s interest in the Demised Premises by foreclosure or an instrument in lieu of foreclosure, so long as such covenant remains in effect.

Section 10.2 Compliance with Laws. Tenant shall not use or occupy, or suffer or permit any portion of the Premises to be used or occupied, in violation of any law, ordinance, order, rule, regulation, certificate of occupancy, or other governmental requirements. Tenant shall comply with applicable laws and all rules, orders, regulations, and requirements of the board of fire underwriters or insurance service office, or any other similar body having jurisdiction over the Premises.

ARTICLE 11- ENVIRONMENTAL COVENANTS AND INDEMNITIES

Section 11.1 Tenant’s Environmental Covenants. Without limiting any of Tenant’s other covenants, agreements, and obligations set forth in this Lease, Tenant hereby specifically covenants and agrees to fulfill the obligations set forth below with respect to environmental matters:

- (a) Tenant shall comply with all Environmental Laws (as defined in Exhibit C) applicable to Tenant’s use of the Premises. All required governmental

permits and licenses issued to Tenant and associated with the Premises and the Improvements shall remain in effect or shall be renewed promptly, and Tenant shall comply therewith. All Hazardous Materials present, handled, generated, or used by Tenant on the Premises which are removed from the Premises by Tenant shall be transported and disposed of lawfully.

- (b) Tenant shall provide Landlord with copies of all forms, notices, and other information received by or on behalf of Tenant concerning any releases, spills, or other incidents relating to Hazardous Materials or any violations of Environmental Laws at or relating to the Premises when and as supplied to any government agency.
- (c) Tenant shall not itself, and Tenant shall not permit any other person, including third parties with whom Tenant contracts in regard to this Lease, to bring onto the Premises any Hazardous Materials (other than quantities or such substances, including gasoline, diesel fuel, cleaning products and the like, as are customary and necessary to prosecute construction of the Improvements, any repair, maintenance or replacement thereof, and customarily used by residential tenants when living in and maintaining their units). Tenant shall be liable for the consequences of, and responsible for proper removal and lawful disposal, at its sole cost and expense, any Hazardous Materials brought onto the Premises by Tenant, its agents, contractors, subcontractors, servants, employees, or invitees, resulting from a default under this Section and shall be responsible for all costs and expenses associated with the remediation of any such Hazardous Materials on the Premises.
- (d) If Tenant or any subcontractor encounters any Hazardous Materials on the Premises, Tenant shall immediately notify Landlord in writing and comply with all laws, ordinances, regulations, and orders of all governmental, regulatory, and other public and quasi-public agencies, authorities, and entities having jurisdiction over the same with respect thereto.

Section 11.2 Landlord's Environmental Covenants. Without limitation of any of Landlord's other covenants, agreements, and obligations under this Lease, Landlord hereby specifically covenants and agrees to fulfill the responsibilities set forth below with respect to environmental matters:

- (a) From and after the Commencement Date, Landlord shall not be liable for any Hazardous Materials on the Premises unless the Landlord or its agents, contractors, or employees caused such Hazardous Materials to be on the Premises after the Commencement Date, or the Landlord had actual knowledge of such Hazardous Materials and failed to disclose the same to Tenant and Michaels in writing before the Commencement Date, or such Hazardous Materials are brought onto the Premises by the Landlord or any of its agents, contractors or employees after the Commencement Date.

- (b) Landlord shall comply with all Environmental Laws applicable to Landlord relative to the Premises. All required governmental permits and licenses issued to Landlord and associated with the Premises shall remain in effect or shall be renewed promptly, and Landlord shall comply therewith.
- (c) Landlord shall provide Tenant with copies of all forms, notices, and other information received by or on behalf of Landlord concerning any releases, spills, or other incidents relating to Hazardous Materials or any violations of Environmental Laws at or relating to the Premises when and as supplied to any governmental agency.
- (d) Without limiting any responsibilities of the Landlord and Tenant under this Lease, to the extent there are any unforeseen remediation costs with respect to the Premises, Landlord will work in good faith with the Tenant to identify third-party funding sources to pay for such unforeseen remediation costs.

Section 11.3 Tenant's Environmental Indemnity Tenant covenants and agrees to and shall indemnify, defend and hold Landlord free and harmless from and against any losses, liabilities, penalties, claims, fines, litigation, demands, costs, judgments, suits, proceedings, damages, disbursements or expenses (including reasonable attorneys' fees and expenses) which may at any time be imposed upon, reasonably incurred by or asserted or awarded against Landlord in connection with or arising from:

- (a) any Hazardous Materials which are first placed on, in, or under all or any portion of the Premises by Tenant its agents, contractors, subcontractors, servants, employees, or invitees during the period defined herein as the Term; or
- (b) any violation of any Environmental Laws by Tenant, or its employees, agents, contractors, or subcontractors at or relating to the Premises.
- (c) Tenant shall indemnify and hold harmless Landlord, its officers, employees, agents, contractors, and directors from all claims, actions, demands, costs, expenses, and attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by an act or omission of Tenant or its agents, contractors, subcontractors, servants, employees, or invitees, which shall constitute a breach of the Tenant's obligations under this Lease. If any party performing work for the Tenant on the Premises shall assert any claim against the Landlord on account of any damage alleged to have been caused because of the negligent acts or intentional misconduct of the Tenant, its agents, servants, employees, invitees or contractors (including, without limitation, its construction contractor), Tenant shall defend at its own expense any suit based upon such claim, and if any judgment or claim against Landlord shall be allowed, Tenant shall immediately pay or satisfy such judgment or claim and pay all costs

and expenses in connection therewith. The obligations, indemnities, and liabilities of Tenant under this Section 11.3 shall not extend to any liability caused by the negligence of Landlord, or its officers, employees, directors, contractors, representatives, invitees, or agents, nor to any Hazardous Materials with respect to which the Landlord had actual knowledge but did not disclose in writing to Tenant. Tenant's liability hereunder shall not be limited to any provisions or limits of insurance set forth in this Lease. Tenant shall not be liable for any claims that result from the action or inaction of Landlord or its officers, employees, directors, contractors, representatives, invitees, or agents with respect to their obligations under this Lease or any other agreement between the parties.

Section 11.4 Intentionally Omitted.

Section 11.5 Survival. The agreements, representations, and warranties of Landlord and Tenant respectively in this Article 11 shall survive the expiration or early termination of this Lease.

ARTICLE 12- ASSIGNMENTS AND TRANSFERS

Section 12.1 Consent Required. Except as expressly provided herein, Tenant shall not, without the prior written consent of Landlord, assign, transfer or otherwise convey this Lease or any interest herein or in the Premises or the Improvements (a "**Transfer**"), except insofar as permitted by, and subject to the terms and conditions of, applicable laws and regulations. Any attempted assignment by Tenant without such consents, except for a transfer to Landlord, shall be null and void without further action required by Landlord. Subleases of the residential units or commercial space in the Improvements to residential or commercial tenants, respectively, is permitted.

Section 12.2 Subsequent Assignment. In cases where Landlord's consent is required, Landlord's consent to one Transfer shall not be construed as a waiver of the requirement of its consent to any subsequent assignment.

Section 12.3 Request for Consent. If Tenant requests Landlord's consent to a specific Transfer, Tenant shall provide to Landlord such information as may reasonably be required by Landlord.

Section 12.4 Transfer by Tenant. It shall be deemed to be a Transfer requiring the approvals set forth in Section 12.1 above upon any attempt by Tenant to (a) demolish all or any material portion of the Improvements, or (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, hypothecation, encumbrance, or other transfer of any portion or all of the Demised Premises without the prior written consent of Landlord, which Landlord consent shall not be unreasonably conditioned, withheld or delayed. Notwithstanding anything in this Lease to the contrary, by its execution of this Lease, Landlord shall be deemed to have consented to (i) a lease of any unit in the Premises, (ii) the execution, delivery, and recordation of the Leasehold Mortgages (as hereinafter defined), and the

lien created thereby, (iii) the transfer of Tenant's leasehold interest in the Demised Premises and fee ownership interest in the Improvements by foreclosure or deed or assignment in lieu thereof (or any leasehold equivalent thereof) pursuant to a mortgage of the Premises that has been approved by Landlord (including the Leasehold Mortgages), and (iv) normal uses associated with the construction and operation of the Premises, including, without limitation, granting utility easements, access easements, and/or similar type easements.

No transfer, conveyance, or assignment shall be made, without the prior written approval of the Landlord, of (i) any interest of a general partner, managing member, or controlling stockholder (any such interest being referred to as a "**Controlling Interest**") in Tenant, or (ii) a Controlling Interest in any entity which has a Controlling Interest in Tenant, or (iii) before payment in full of all equity contributions, any other interest in the Tenant, or any member thereof (any such interest being referred to as a "**Non-Controlling Interest**").

Notwithstanding the foregoing, Landlord consent is not required for the transfer of any Non-Controlling Interest in the Tenant (regardless of whether payment in full of all equity contributions has been made to Tenant) provided that the Tenant: (i) provides the Landlord with prior written notice of such transfer and (ii) certifies to the Landlord that the new partner, member or stockholder, as appropriate, remains obligated to fund its equity contribution in accordance with the terms of the Landlord-approved organizational documents of the Tenant.

Landlord will not unreasonably withhold, delay, or condition a request by Tenant for consent to an internal reorganization of the corporate, company, or partnership structure of Tenant or any members of Tenant, including the exercise by a member of its right to remove the managing member and to designate a substitute managing member of Tenant under the terms of Tenant's Operating Agreement.

Notwithstanding the foregoing, the Landlord agrees that no prior approval is required for (i) the exercise by the Investor or its affiliates of their rights to remove the managing member and to designate the Investor Member as the substitute managing member of Tenant under the terms of the Tenant's Operating Agreement, provided that the Landlord is given prior written notice of the default under the Operating Agreement and of the exercise of the removal and appointment right therein (the "**Notice**").

The Landlord's consent is not required for the pledge by the managing member of the Tenant to the Investor Member and/or a Leasehold Mortgagee (as hereinafter defined), and their successors and assigns, of the managing member's interest in the Tenant, as security for the performance of all of the managing member's obligations under the Operating Agreement and the approved mortgage loan (as and if applicable).

ARTICLE 13- LEASEHOLD FINANCING AND TAX CREDIT INVESTOR

Section 13.1 Right to Mortgage. On even date herewith, Tenant has granted one or more mortgages of its interest in the Lease to lenders (each, a "**Leasehold Mortgagee**") and, in connection therewith, has collaterally assigned this Lease to such lenders. Future mortgages of the Premises shall be subject to the prior written approval of Landlord, which approval shall not

be unreasonably withheld, conditioned, or delayed. In no event shall Landlord ever be required to execute any such mortgage or any note secured thereby or any other obligation securing any such note, or to subordinate Landlord's fee interest in the Demised Premises or any portion thereof to the lien of any such mortgage. The Leasehold Mortgagee(s) as of the date hereof are listed on Exhibit D attached hereto and incorporated herein by this reference. Landlord hereby consents to the Assignments of Leases and Rents to such Leasehold Mortgagees.

Notwithstanding any provision of this Lease to the contrary, after the Commencement Date, Tenant may, subject to the written consent of Landlord (such consent not to be unreasonably withheld, delayed, or conditioned), refinance any loan which is superior and/or subordinate to the Leasehold Mortgages (as hereinafter defined), so long as (i) the principal balance of the superior and/or subordinate loan being refinanced ("**New Loan**") does not exceed the outstanding balance of the original superior and/or subordinate loan, as the case may be, at the time of such refinancing plus the reasonable cost of such refinancing, (ii) the maker of the New Loan is an institutional or governmental lender and (iii) the New Loan is on the then-existing market terms and conditions for loans of its type, and such terms and conditions are reasonably acceptable to Landlord, such acceptance not to be unreasonably withheld, delayed or conditioned. The parties agree that additional and/or substitute mortgages of the Premises shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed. In no event shall Landlord ever be required to execute any such mortgage or any note secured thereby or any other obligation securing any such note, or to subordinate Landlord's fee interest in the Demised Premises or any portion thereof to the lien of any such mortgage.

Section 13.2 Consent Required for Termination and Amendments.

- (a) No cancellation, termination, surrender, or modification of this Lease by agreement between Landlord and Tenant, shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee, which consent shall not be unreasonably withheld, conditioned, or delayed.
- (b) The right of the Tenant to treat this Lease as terminated upon the Landlord's bankruptcy under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code or any successor statute may not be exercised by the Tenant without the expressed prior written consent of the Leasehold Mortgagee.

Section 13.3 Default Notice. Landlord, upon providing Tenant with any notice of default under this Lease shall at the same time provide a copy of such notice to every Leasehold Mortgagee of whom it has knowledge pursuant to notice from Tenant or pursuant to Exhibit D. From and after the date on which such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall, have the same cure period as Tenant plus an additional sixty (60) days, and shall have the option (but not the obligation) to remedy any default or cause the same to be remedied, as is given Tenant. Landlord shall accept such payment or performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes any and each Leasehold Mortgagee to take any such action at such Leasehold

Mortgagee's option and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose. Further, as to any non-monetary default, Leasehold Mortgagee shall have one hundred eighty (180) days after receipt of such written notice from Landlord, and a reasonable time after the expiration of said one hundred eighty (180) days if it shall have commenced foreclosure or another appropriate proceeding in the nature thereof within said one hundred eighty (180) day period and is diligently prosecuting the same, within which to endeavor to cure such default; and notwithstanding any other provision of this Lease, all rights of Landlord to terminate this Lease upon the default by Tenant are and shall continue to be at all times while Tenant is indebted to Leasehold Mortgagee, subject to and conditioned upon Landlord's first having given Leasehold Mortgagee written notice of such default and Leasehold Mortgagee's failure to cure such default within the time and upon the conditions stated above after receiving such written notice of default.

Section 13.4 Notice to Leasehold Mortgagee. Notwithstanding anything to the contrary contained herein, if any default or failure to provide required insurance shall occur which entitles Landlord to terminate this Lease, Landlord shall have no right to terminate this Lease except in accordance with the provisions of Section 18.3 hereof and Section 13.3.

Section 13.5 Assumption of Tenant's Obligations. For purposes of this Article 13, the making of a leasehold mortgage (a "**Leasehold Mortgage**" or "**Leasehold Mortgages**") to a Leasehold Mortgagee shall not be deemed to constitute a Transfer of this Lease or Tenant's interest created hereby, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of Tenant's interests under this Lease so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder, but a Leasehold Mortgagee may become the holder of Tenant's leasehold estate and fee ownership of the Improvements and succeed to Tenant's interest in this Lease by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure, and any purchaser at any sale of Tenant's interest under this Lease in any proceeding for the foreclosure of any mortgage or the assignee or transferee of Tenant's interest in this Lease under any instrument of assignment or transfer in lieu of the foreclosure of any mortgage shall be deemed to be an assignee or transferee approved by Landlord and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed hereunder, but only for so long as such purchaser or assignee is the owner of Tenant's interest in this Lease and Tenant's fee ownership interest in the Improvements.

Section 13.6 Non-curable Defaults. Nothing in this Article 13 shall require any Leasehold Mortgagee or its designee as a condition to the exercise of rights provided under this Article 13 to cure any default of Tenant not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee. The foregoing shall not be deemed to excuse a Leasehold Mortgagee from performing covenants relating to the condition of the Premises or other similar matters requiring access to and/or control of the Premises from and after such time as such Leasehold Mortgagee acquires Tenant's interest in this Lease and the Improvements by foreclosure or otherwise.

Section 13.7 No Merger. So long as any Leasehold Mortgage exists, unless all Leasehold Mortgagee(s) shall otherwise expressly consent in writing, the fee title to the Demised

Premises and the leasehold estate of Tenant therein shall not merge by operation of law but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by any single owner, other than by termination of this Lease by Landlord in compliance with the provisions of this Article 13.

Section 13.8 Landlord's Fee to Remain Unsubordinated. Landlord and Tenant expressly acknowledge and agree that Landlord shall have no obligation under this Lease or otherwise to subordinate the fee title of Landlord in the Demised Premises or any rights of Landlord in this Lease to the leasehold estate of Tenant created by this Lease or to join any such mortgage or encumbrance or otherwise in any manner that would subordinate the fee title of Landlord in and to the Demised Premises or the interest of Landlord under this Lease. Notwithstanding anything herein to the contrary, Landlord agrees not to mortgage or otherwise encumber its fee interest in the Premises.

Section 13.9 Sale, Mortgage, or Conveyance of the Demised Premises. Upon any sale, mortgage, or conveyance of the fee interest in the Demised Premises by Landlord during the Term hereof, any such sale or conveyance of all or any part of the fee interest in the Demised Premises shall be subject to this Lease, and all of the provisions hereof.

Section 13.10 Notice to Tax Credit Investor. So long as any Tax Credit Investor is an Investor Member of Tenant, Landlord agrees, simultaneously with the giving of each notice hereunder, to give a duplicate copy thereof to such Tax Credit Investor; provided that a failure on the part of Landlord to give such notice to such Tax Credit Investor at its address set forth in Section 19.10 hereof, shall not affect the validity and effectiveness of the notice to the Tenant. Each Tax Credit Investor will have the same cure period as Tenant, plus thirty (30) days after the giving of the notice aforesaid to such Tax Credit Investor for remedying the default or causing the same to be remedied as is given Tenant after notice to such Tax Credit Investor plus an additional 30 days, and Landlord agrees to accept such performance on the part of such Tax Credit Investor as though the same had been done or performed by Tenant.

Section 13.11 Tax Credit Investor's Opportunity to Replace Tenant's Managing Member. Landlord agrees that it will take no action to effect a termination of this Lease because of any Event of Default without first giving to each Tax Credit Investor named in Section 19.10 hereof or who has provided Landlord with written notice of such Tax Credit Investor's name and address, reasonable time, not to exceed sixty (60) days to replace Tenant's managing member and cause the new managing member to cure such default, provided, that (a) as a condition of such forbearance, the Landlord receives notice of the substitution of a new managing member of the Tenant within thirty (30) days following notice to the Tax Credit Investor, (b) the Tenant, following such substitution of managing member, shall thereupon proceed with due diligence to cure such Event of Default, and (c) if the Event of Default relates to the completion of construction of the Demised Premises or any part thereof or occupancy thereof, then the extended cure period shall be limited to the period, if any, before the date by which the Improvements or parts thereof must be placed in service in order to preserve LIHTCs for the Premises.

Section 13.12 Leasehold Mortgagee's Right to New Lease. In the event of the termination of this Lease before this Lease's expiration date (except pursuant to Article 17

hereof) or the occurrence of an uncurable Event of Default, Landlord agrees, provided the Event of Default has been cured by the entitled party pursuant to Sections 13.3 or 13.10 above, or Section 13.6 applies, that it will enter into a new lease of the Demised Premises with the curing Leasehold Mortgagee or Tax Credit Investor, as applicable, for a period equal to the remainder of the Term, effective as of the date of such termination, at the Base Rent and Additional Rent and upon the covenants, agreements, terms, provisions and limitations herein contained; provided, however, such Leasehold Mortgagee or Tax Credit Investor (a) makes written request upon Landlord for such new lease within sixty (60) days from the date of notice of such termination, and (b) pays or causes to be paid to Landlord at the time of the execution and delivery of such new lease any sums which at the time of the execution and delivery thereof be due under this Lease but for such termination, and pays or causes to be paid any expenses including reasonable counsel fees, court costs and costs and disbursements incurred by Landlord in connection with any such termination and in connection with the execution and delivery of such new lease. If Landlord receives more than one written request for a new lease in accordance with the provisions of this Section 13.12, then such new lease shall be entered under the request of the first lien leasehold mortgagee, and the rights hereunder of any leasehold mortgagee whose permitted mortgage is subordinate to the first lienholder's permitted mortgage shall be subordinated in order of their respective recorded priority.

Any new lease made under this Section 13.12 shall be and remain an encumbrance on the fee title to the Demised Premises having the same priority thereon as this Lease and shall without implied limitation be and remain before any mortgage or any lien, charge, or encumbrance of the fee of the Demised Premises created by Landlord.

Section 13.13 No Personal Liability. No Leasehold Mortgagee, any successor or assignee thereof, or any purchaser at any sale of Tenant's interest under this Lease in any foreclosure proceeding shall ever have any liability under this Lease before it acquires record title to the Tenant's interest in the Lease and only so long as it holds record title.

ARTICLE 14- MAINTENANCE AND REPAIR

Section 14.1 Tenant's Obligations. Tenant shall, at its sole cost and expense (but nevertheless as a portion of Operating Expenses), maintain the Improvements, reasonable wear and tear excepted, and make repairs, restorations, and replacements to the Improvements, including without limitation, the heating, ventilating, air conditioning, mechanical, electrical, elevator, and plumbing systems, structural, roof, walls, and foundations, and the fixtures and appurtenances to the Improvements as and when needed to preserve them in good working order and condition, and regardless of whether the repairs, restorations, and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or non-capital, or the fault or not the fault of Tenant, its agents, employees, invitees, visitors, and contractors. All such repairs, restorations, and replacements will be in quality and class, as elected by Tenant, either equal to the original work or installations, or otherwise consistent with the standard then applicable to residential apartment projects within the geographical area of the Improvements at such time, but in no event of less quality or class than the original work or installations. Unless Landlord, its representatives, agents, contractors, invitees, and/or employees were the cause of the need for the

maintenance, repair, replacement, or improvement, Landlord shall not be required to perform or pay for any maintenance, or make or pay for any repairs, replacements, or improvements of any kind whatsoever to the Premises or the Improvements of any part thereof during the term of this Lease.

ARTICLE 15- ALTERATIONS

Section 15.1 Non-Structural Alterations. Except for the construction of the Improvements as currently planned, Tenant may make any non-structural alterations, additions, or improvements to the Improvements, without Landlord's consent.

Section 15.2 Structural Alterations. Tenant shall obtain the prior written consent of Landlord, which Landlord consent shall not be unreasonably withheld, conditioned, or delayed, for any structural alterations, additions, or improvements to the Improvements having a cost over \$200,000 (such consent shall not be unreasonably withheld, delayed, or conditioned so long as, in the judgment of Landlord, such alterations, additions or improvements will not violate this Lease), unless carried out in accordance with the Plans and Specifications.

Section 15.3 No Liens. Tenant shall not have any right, authority or power to bind Landlord, the Premises or any other interest of Landlord in the Demised Premises and will pay or cause to be paid all costs and charges for work done by it or caused to be done by it, in or to the Premises, for any claim for labor or material or any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Improvements (unless caused by Landlord, its representatives, agents, contractors, and/or employees) or any change, alteration or addition thereto done by Tenant or caused to be done by Tenant. Any lien that is not released or bonded over within ninety (90) days after the filing thereof shall constitute an Event of Default under Section 18.2. Landlord shall have the right to remove any such liens against the Premises, and to defend any action against the same, and Tenant shall reimburse Landlord for the cost of such removal, the costs of defending the same, including, but not limited to, attorneys fees in connection therewith.

Section 15.4 Permitted Contests. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to contest or object in good faith to any claim, demand, tax, imposition, lien, levy, assessment, or the like by appropriate legal proceedings that are not materially prejudicial to Landlord, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Tenant's covenant to pay and comply with any such claim, demand, tax, imposition, lien, levy, assessment, or the like, unless Tenant shall have given prior written notice to Landlord of Tenant's intent to so contest or object thereto, and unless (i) Tenant pays when due any portion of the claim, demand, tax, imposition, lien, levy, assessment, or the like to which Tenant does not object, (ii) Tenant furnishes, if required, such bond, surety, insurance, undertaking or other security in connection therewith as reasonably required by Landlord, to stay such proceeding, (iii) Tenant at all times prosecutes the contest with due diligence, and (iv) Tenant pays, promptly following a final determination of the amount of such claim, demand, tax, imposition, lien, levy, assessment, or the like due and owing by Tenant, the amount so determined to be due and owing by Tenant. If Tenant contests any claim, demand, tax, imposition, lien, levy, assessment, or the like, as

contemplated above, Landlord shall reasonably cooperate with Tenant, provided, however, Landlord incurs neither cost nor liability in connection with such cooperation.

ARTICLE 16- SURRENDER

Section 16.1 Expiration of Term. At the end of the Term of this Lease (whether upon the expiration or other termination), Tenant shall surrender the Demised Premises, together with the Improvements in their then “as-is” condition, provided that Tenant has maintained the Demised Premises, (including without limitation any required casualty/condemnation restoration) under the terms of this Lease. At Landlord’s option, Tenant shall execute a deed and a bill of sale for the Improvements at the time of such surrender.

ARTICLE 17- CASUALTY: CONDEMNATION

Section 17.1 Restoration, Casualty, or Condemnation. If any act or occurrence of any kind or nature shall result in material damage to or loss or destruction of the Improvements, in whole or in part, (including any taking by condemnation, sale in lieu of condemnation, or any other manner for any public or quasi-public purpose (collectively, “**Condemnation**”), or the Improvements are damaged or destroyed by fire, earthquake, flood, act of God or other casualty (collectively “**Casualty**”)), and without diminution of any obligation of the Tenant in respect thereof under the approved Leasehold Mortgages, the Tenant, to the extent that insurance proceeds or condemnation proceeds and other funds, if any, made available (including, without limitation, by further advance under the approved Leasehold Mortgages) permit, shall promptly cause the restoration, reconstruction, and/or repair of the Improvements as nearly as possible to its value, condition, and character immediately before such taking or casualty. Leasehold Mortgagee shall have the right to participate in the adjustment of losses as to Casualty insurance proceeds and all insurance proceeds shall be delivered to Leasehold Mortgagee to be applied as provided in the Leasehold Mortgage loan documents. In the event of a Condemnation, the amount to which Tenant is entitled shall be no less than the total amount of the Award reduced by the value of the land and Landlord’s reversionary interest in the Improvements and Tenant’s portion shall be delivered to Leasehold Mortgagee to be applied as provided in the Leasehold Mortgage loan documents. Landlord’s portion shall be limited to the value of the land and its reversionary interest in the Improvements. Leasehold Mortgagee shall have the right to supervise and control the receipt and disbursement of Condemnation awards, and the right to participate in any Condemnation proceedings and settlement discussions. Landlord shall have no right to terminate this Lease as a result of any Condemnation or Casualty without the approval of the Leasehold Mortgagees.

ARTICLE 18- DEFAULT; REMEDIES

Section 18.1 Landlord’s Right to Perform.

- (a) Landlord’s Option. If Tenant fails to pay when due amounts payable under this Lease or to perform any of its other obligations under this Lease

within the time permitted for its performance (following the expiration of all applicable notice and cure periods), then Landlord, after thirty (30) days' prior written notice to Tenant and without waiving any of its rights under this Lease, may (but will not be required to) pay such amount or perform such obligation.

- (b) Additional Rent. All amounts so paid by Landlord under Section 18.1 of this Lease, and all reasonable out-of-pocket costs and expenses including reasonable legal fees and the costs of Landlord to enforce its rights hereunder, incurred by Landlord in connection with the performance of any such obligations shall be payable by Tenant to Landlord within thirty (30) days after demand therefore and shall constitute “**Additional Rent**” with interest thereon at the Applicable Interest Rate per annum from the date of Landlord's having made each such payment or incurred each such cost or expense, and shall be payable by Tenant to Landlord. Landlord shall provide Tenant with invoices and other reasonable evidence of the amounts paid or incurred by Landlord in connection with the exercise of its rights under this Article.

Section 18.2 Events of Default. At the option of Landlord, the occurrence of any of the following events shall constitute an Event of Default by Tenant

- (a) Tenant defaults in the due and punctual payment of any Additional Rent, and such default continues for thirty (30) days after written notice from Landlord;
- (b) Subject to a Force Majeure Event, Tenant vacates or abandons the Demised Premises for more than thirty (30) consecutive days; provided, however, that if Tenant fails to occupy the Premises following a casualty, such failure in and of itself shall not be deemed an Event of Default under this Section 18.2(b);
- (c) This Lease or the Demised Premises or any part of the Demised Premises are taken upon execution or by another process of law directed against Tenant, or are taken upon or subjected to any attachment by any creditor of Tenant or claimant against Tenant, and such attachment is not discharged or bonded within sixty (60) days after Tenant receives notice of its levy;
- (d) Tenant makes any assignment in violation of this Lease which is not cured within thirty (30) days after notice thereof to Tenant;
- (e) Subject to Sections 18.4 and 18.6 with respect to any Regulatory Default or Managerial Default, respectively (as each such term is defined herein), the failure by Tenant to observe or perform any other provision of this Lease to be observed or performed by Tenant other than those described in Sections 18.2(a) through 18.1(e) above, if such failure continues for thirty

(30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that it cannot be cured within such thirty (30) day period, no default shall be deemed to exist if Tenant commences the curing of the default promptly within such thirty (30) day period and thereafter diligently prosecutes the same to completion. The thirty (30) day notice described herein shall be in lieu of and not in addition to, any notice required under law now or hereafter in effect requiring that notice of default be given before the commencement of an unlawful detainer or other legal proceeding. Notwithstanding the foregoing, a notice of intent to cancel insurance coverage by an insurer shall be an Event of Default for which there shall be a fifteen (15) day cure period.

- (f) Tenant has filed against it a petition for bankruptcy, insolvency, or similar action under state or federal law, and such petition shall not have been vacated within ninety (90) days after filing; or is adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, either state or federal, and such judgment or decree is not vacated or set aside within ninety (90) days after such determination.
- (g) Tenant makes an assignment for the benefit of creditors, or shall submit in writing its inability to pay its debts generally as they become due.
- (h) Any attachment, execution, or lien, other than a mortgage preapproved by Landlord, whether voluntary or involuntary, including mechanics liens, is filed against the Leased Premises and is not discharged or dissolved by a bond within ninety (90) days.
- (i) Tenant files a voluntary petition for bankruptcy, insolvency, or similar action under state or federal law; or Tenant consents to, or acquiesces in, the appointment of a receiver, liquidator, or trustee of itself or the whole or any substantial part of its properties or assets or a court of competent jurisdiction enters an order, judgment or decree appointing a receiver, liquidator or trustee of Tenant, or the whole or any substantial part of the property or assets of Tenant, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for ninety (90) days;
- (j) Tenant fails to comply with the insurance requirements under Article 9 which is not cured within thirty (30) days after notice thereof to Tenant.

Section 18.3 Landlord's Right To Terminate Upon Tenant Default. Subject to Leasehold Mortgagee's and Tax Credit Investor's rights under Article 13 (including the right to notice and cure), in the event of any Event of Default by Tenant exists as provided in Section 18.2 above, Landlord shall have the right without further notice or demand to Tenant except as provided in Section 18.2 (Tenant hereby irrevocably waiving all notices and demands except as provided in Section 18.2, statutory or otherwise), to terminate this Lease and Tenant's right to possession of the Demised Premises without terminating Tenant's liabilities under this Lease, in

which event ownership of all of the Improvements shall immediately vest in Landlord and Landlord shall be entitled to receive from Tenant such amounts as may be permitted from time to time by applicable law. Notwithstanding anything herein to the contrary, if an Event of Default occurs under this Lease as a result of a bankruptcy filing by or against Tenant, the Landlord hereby agrees to terminate the Tenant's interest in this Lease and the Demised Premises while maintaining the existence of the Lease itself with the applicable Leasehold Mortgagee (at its option) acting as Tenant.

Section 18.4 Regulatory Default. Notwithstanding anything herein to the contrary, the following shall apply to any failure by Tenant to observe or perform any provision of this Lease which would constitute an Event of Default under Article 10 hereof if not cured within the period specified therein:

- (a) Upon a determination by Landlord that Tenant has materially breached or defaulted on any obligation under Article 10 hereof or has failed to comply with the terms of the Loan Documents (a "**Regulatory Default**"), Landlord shall notify Tenant of (i) the nature of the Regulatory Default, (ii) the actions required to be taken by Tenant to cure the Regulatory Default, and (iii) the time (a minimum of thirty (30) days or such additional period as may be reasonable under the circumstances but in no event more than ninety (90) days), within which Tenant shall respond with reasonable evidence to Landlord that all such required actions have been taken. During any period in which a Leasehold Mortgage is in place, Landlord shall give any Leasehold Mortgagee(s) of which Landlord has received notice from Tenant a duplicate copy of any notice described in this subsection in accordance with the provisions of Section 19.10 hereof, and Landlord shall grant to the Tax Credit Investor and any such Leasehold Mortgagee(s) the right to cure the Regulatory Default in accordance with the provisions hereof.
- (b) If Tenant, the Management Agent (if applicable), the Tax Credit Investor, or the Leasehold Mortgagee (if applicable) shall have failed to respond or take the appropriate corrective action with respect to a Regulatory Default to the reasonable satisfaction of Landlord within the applicable period, then Landlord shall have the right to seek appropriate equitable remedies (such as specific performance, injunctive relief, or the appointment of a receiver to take over and operate the Property from any court having jurisdiction), to cause the Demised Premises to once again comply with Article 10 and Section 18.4.
- (c) In addition to and not in limitation of the foregoing, if Landlord shall determine that a Regulatory Default shall have occurred because of a default by Management Agent, and that Tenant (or, as applicable, the Management Agent) and the Leasehold Mortgagee(s) have failed to respond or take corrective action to the reasonable satisfaction of Landlord within the applicable cure period, then Landlord may require Tenant to, and Tenant shall promptly, take such actions as are necessary to terminate

the appointment of Management Agent pursuant to the terms of its management agreement and to appoint a successor Management Agent of the Demised Premises, subject to any requirements of any Leasehold Mortgagee(s) and the Tax Credit Investor.

- (d) The provisions of this Section 18.4 shall constitute the exclusive remedy of Landlord hereunder in the event of any such Regulatory Default (provided that such Regulatory Default, other than a default under Article 10 of this Lease, does not otherwise constitute a default under this Lease (i.e. Tenant's failure to maintain insurance would otherwise constitute a default hereunder), and provided further that nothing herein shall impair or waive Landlord's rights under separate agreements between the parties). Accordingly, notwithstanding any provision to the contrary contained in this Agreement, the rights and remedies of Landlord because of the occurrence of any such Regulatory Default, shall be limited to those expressly set forth in this Section 18.4.

Section 18.5 Force Majeure Event If the Landlord or Tenant fails to perform one or more of its obligations under this Agreement, then that party's performance of that term, covenant, or act is excused for the period of the delay and the party delayed shall be entitled to perform such term, covenant or act within the appropriate period after the expiration of the period of such delay, if and to the extent that that party proves: (a) that its failure to perform was caused by an impediment beyond its reasonable control; and (b) that it could not reasonably have been expected to have taken the occurrence of the impediment into account at the time of the conclusion of the contract; and (c) that it could not reasonably have avoided or overcome the effects of the impediment. The party invoking this clause shall be presumed to have established the conditions described in the preceding paragraph in the case of the occurrence of one or more of the following impediments: war (whether declared or not), armed conflict or the serious threat of the same (including but not limited to hostile attack, blockade, military embargo), hostilities, invasion, act of a foreign enemy, extensive military mobilization; civil war, riot, rebellion, revolution, military or usurped power, insurrection, civil commotion or disorder, mob violence, act of civil disobedience; act of terrorism, sabotage or piracy; act of authority whether lawful or unlawful, compliance with any law or governmental order, rule, regulation or direction, curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition, nationalization; act of God or natural disaster such as but not limited to violent storm, cyclone, typhoon, hurricane, tornado, blizzard, earthquake, volcanic activity, landslide, tidal wave, tsunami, flood, damage or destruction by lightning, drought; explosion, fire, destruction of machines, equipment, factories and of any kind of installation, prolonged break-down of transport, telecommunication or electric current; general labor disturbance such as but not limited to boycott, strike and lock-out, go-slow, occupation of factories and premises; shortage or inability to obtain critical material or supplies to the extent not subject to the reasonable control of the subject party ("Force Majeure Event"). This provision shall become effective only if the party failing to perform notifies the other party within a reasonable time of the extent and nature of the Force Majeure Event, limits delay in performance to that required by the Force Majeure Event, and takes all reasonable steps to minimize damages and resume performance.Managerial Default.

- (a) Tenant shall ensure that the Premises and the Units shall be operated in a manner that shall satisfy the Tax Credit Requirements and PBV Requirements. Additionally, Tenant shall prioritize maintaining high occupancy and rent collection rates, low turnover and operating expense ratios, positive resident engagement and timely responsiveness to resident complaints to fulfill the parties' shared goal of providing a clean, safe and vibrant community for its residents. Provided, however, that Tenant shall: (i) maintain Phase 1's ratio of cash flow available to the principal and interest payments on the Tenant's debt (the "**Debt Service Coverage Ratio**") at no less than 1.0:1 based on audited financial statements; (ii) provide Landlord with an income and expense statement within one hundred twenty (120) days of the end of each calendar year; (iii) maintain rent collection at a level that is not less than ninety percent (90%) of the approved Operating Budget; (iv) maintain, after lease-up, no less than fifty-nine (59) of the PBV Units leased on a monthly basis; (v) complete no less than ninety percent (90%) of resident emergency work orders within 24 hours of receipt of such work orders; and (vi) maintain a monthly average of completing at least seventy-five percent (75%) of work orders within two (2) days of receiving the same. Upon determination by Landlord that Tenant or the Management Agent has breached or defaulted on any obligation under this Section 18.6 (a "**Managerial Default**"), Landlord shall notify Tenant of (i) the nature of the Managerial Default, (ii) the actions required to be taken by Tenant to cure the Managerial Default, and (iii) the time (a minimum of thirty (30) days or such additional period as may be reasonable under the circumstances but in no event more than ninety (90) days) within which Tenant shall respond with reasonable evidence to Landlord that all such required actions have been taken. During any period in which a Leasehold Mortgage is in place, Landlord shall give any Leasehold Mortgagee(s) of which Landlord has received notice from Tenant a duplicate copy of any notice described in this subsection in accordance with the provisions of Section 19.10 hereof, and Landlord shall grant to the Tax Credit Investor and any such Leasehold Mortgagee(s) the right to cure the Managerial Default in accordance with the provisions hereof.
- (b) If Tenant, the Management Agent, the Tax Credit Investor, or the Leasehold Mortgagee(s) (if applicable), shall have failed to respond or take the appropriate corrective action with respect to a Managerial Default to the reasonable satisfaction of Landlord within the applicable period, then Landlord shall have the right to require Tenant to, and Tenant shall promptly, take such actions as are necessary to terminate the appointment of the Management Agent pursuant to the terms of its management agreement and to appoint a successor Management Agent of the Demised Premises, subject to any requirements of any Leasehold Mortgagee(s) and the Tax Credit Investor.

ARTICLE 19- MISCELLANEOUS

Section 19.1 No Brokers. Landlord and Tenant represent and warrant to each other that neither has dealt with any broker or finder with regard to the Demised Premises or this Lease. Landlord and Tenant will each indemnify, defend, and hold the other harmless from and against any loss, liability, and expense (including attorneys' fees and court costs) arising out of claims for fees or commissions in connection with this Lease. This indemnification shall survive the termination of this Lease.

Section 19.2 Recordation. Landlord and Tenant shall record a memorandum of this Lease in the Bureau of Conveyances of the State of Hawai'i. At the expiration of the Term, Landlord and Tenant shall execute a quitclaim termination of Tenant's interest in this Lease.

Section 19.3 Transfer of Landlord's Interest. Landlord shall not voluntarily transfer all or any portion of its interest in Landlord's Estate if the same would cause a violation or breach of any legal requirement or any agreement or contract to which Landlord is a party by which Landlord is bound.

Section 19.4 No Waiver. No waiver of any condition or agreement in this Lease by either Landlord or Tenant will imply or constitute a further waiver by such party of the same or any other condition or agreement. No act or thing done by Landlord or Landlord's agents during the Term will be deemed an acceptance of a surrender of the Demised Premises, and no agreement to accept such surrender will be valid unless in writing signed by Landlord. No payment by Tenant, nor receipt from Landlord, of a lesser amount than the Additional Rent, or other charges or fees due as stipulated in this Lease will be deemed to be anything other than payment on account of the same, and to the earliest due of the same. No endorsement or statement on any check, or any letter accompanying any check or payment as Rent, will be deemed an accord and satisfaction. Landlord will accept such check for payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy available to Landlord. Except as otherwise provided in this Lease, if this Lease is assigned, or if the Demised Premises or any part of the Demised Premises are sublet or occupied by anyone other than Tenant, Landlord may collect rent from the assignee, subtenant, or occupant and apply the net amount collected to the Rent reserved in this Lease. No such collection will be deemed a waiver of the covenant in this Lease against assignment and subletting, or the acceptance of the assignee, subtenant, or occupant as Tenant, or a release of Tenant from the complete performance by Tenant of its covenants in this Lease.

Section 19.5 Joint and Several Liability. If Tenant or Landlord is composed of more than one signatory to this Lease, each party will be jointly and severally liable with each other party for payment and performance according to this Lease.

Section 19.6 Captions, Exhibits, Gender, Etc. The captions are inserted in this Lease only for convenience of reference and do not define, limit, or describe the scope or intent of any provisions of this Lease. The exhibits to this Lease are incorporated into this Lease and are a part hereof. Unless the context clearly requires otherwise, the singular includes the plural, and vice versa, and the masculine, feminine, and neuter adjectives include one another.

Section 19.7 Entire Agreement. This Lease, including all attached exhibits, contains the entire agreement between Landlord and Tenant with respect to its subject matter. Except for those which are specifically set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to one another with respect to this Lease. In the event of any inconsistency between this Lease and the documents executed in connection with any Leasehold Mortgage with Landlord acting as the Leasehold Mortgagee, this Lease shall control.

Section 19.8 Amendment. This Lease may be amended only by a written instrument executed by Landlord and Tenant (subject to the rights of any Leasehold Mortgagee, and/or the Tax Credit Investor, as applicable), the approval of which both Landlord and Tenant mutually agree not to unreasonably withhold, delay or condition.

Section 19.9 Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected and shall continue in full force and effect; and in lieu of each provision found to be illegal, invalid, or unenforceable, there will be added to this Lease a provision as similar to such illegal, invalid, or unenforceable provision as may be possible.

Section 19.10 Notices. Any notice, request, demand, consent, approval, or other communication required or permitted under this Lease shall be in writing and shall be deemed given when received, if (i) delivered by hand, (ii) sent by registered or certified mail, return receipt requested, (iii) sent by recognized overnight delivery service such as Federal Express, or (iv) transmitted by facsimile or electronic mail, provided such notice is also sent simultaneously in the manner provided for in (i), (ii), or (iii) above, addressed as follows:

If to Tenant:

A) For Personal and Overnight Deliveries:

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Mohannad H. Mohanna, President

B) For Reg/Certified Mail:

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Mohannad H. Mohanna, President

With copies to:

Settle Meyer Law LLC
Pioneer Plaza
900 Fort Street Mall, Suite 1800
Honolulu, Hawai'i 96813

Attn: Scott W. Settle

and

Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attn: Christian D. Dubois

If to Landlord:

Hawaii Public Housing Authority
1002 N. School St.
P.O. Box 17907
Honolulu, Hawai'i 96817
Attn: Executive Director
Fax: (808) 832-4679

With copies to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW
Suite 400
Washington, DC 20001
Attn: Megan Glasheen, Esq.
Fax: (202) 783-0550

and:

Department of the Attorney
General, State of Hawai'i
425 Queen Street
Honolulu, Hawai'i 96813
Attn: Linda L.W. Chow

If to Investor Member:

With a copy to:

If to Leasehold
Mortgagee:

As listed in Exhibit D

A party may change its address by giving written notice to the other party as specified herein. Set forth in Exhibit D attached hereto are notice addresses for the Leasehold Mortgagee(s) and the Investor Member, as of the date hereof.

Section 19.11 Litigation Fees. Tenant shall be liable for the reasonable and actual legal expenses of Landlord in connection with any collection of Additional Rent or other impositions owed under this Lease, the remedying of any default under this Lease, or any termination of this Lease where such collection, remedying or termination results from an Event of Default.

Payment of any litigation cost or expense shall be determined by applicable state and federal law and may be subject to HUD approval. Settlement of any such litigation may be subject to HUD's approval.

Section 19.12 Waiver of Jury Trial. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on all matters arising out of this Lease.

Section 19.13 Governing Law and Venue. This Lease will be governed by and construed in accordance with the internal laws of the State of Hawai'i, without regard to principles of conflicts of laws.

Section 19.14 Binding Effect. This Lease will inure to the benefit of, and will be binding upon, Landlord's successors and assigns except as otherwise provided in this Lease. This Lease will inure to the benefit of, and will be binding upon, Tenant's successors and assigns so long as the succession or assignment is permitted under the terms of this Lease.

Section 19.15 Cumulative Rights. Except as expressly limited by the terms of this Lease, all rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 19.16 Relationship of Parties. The parties hereto expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers, nor does a principal-agent relationship exist between them. Nothing contained in any agreement or contract between the parties hereto, nor any act of HUD, Landlord, or Tenant will be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

Section 19.17 Non-Merger. Except upon expiration of the Term or termination of this Lease under an express right of termination set forth herein, there shall be no merger of either this Lease or Tenant's estate created hereunder with the fee estate of the Demised Premises or any part thereof because of the fact that the same person may acquire, own or hold, directly or indirectly, (x) this Lease, Tenant's estate created hereunder or any interest in this Lease or Tenant's estate (including the Improvements), and (y) the fee estate in the Demised Premises or any part thereof or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of Landlord, having an interest in (1) this Lease or Tenant's estate created hereunder, and (2) the fee estate in the Demised Premises or any part thereof; shall join in a written instrument affecting such merger and shall duly record the same.

Section 19.18 Counterparts. This Agreement may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute the same instrument.

Section 19.19 Limited Liability. Tenant shall look solely to Landlord's interest in the Demised Premises for the satisfaction of any claims against Landlord or its employees, agents, or assigns for the satisfaction of any claims arising under this Lease. Notwithstanding anything contained in this Lease to the contrary, no partner, member, officer, director, employee, or agent

of Tenant, or any affiliate thereof, shall be personally liable to Landlord, or any successor in interest or person claiming by, through or under Landlord for any default, obligation, or breach, or for or on account of any amount that may become due, or in any claim, cause or action whatsoever under the terms of this Lease.

Section 19.20 Cooperation. Landlord and Tenant agree that they will cooperate in all respects in furtherance of the Demised Premises and Phase I. In particular, Landlord recognizes that the nature of the redevelopment process and the varied sources of project funding make it extremely difficult to anticipate every potential provision that may be required in this Lease. From time to time, Tenant may request modifications to the Lease to satisfy the requirements of financing sources, which financing sources including without limitation, private lenders, equity sources, and government agencies. Landlord will use all reasonable efforts to accommodate the requests of such financing sources and will not unreasonably withhold, condition, or delay its approval and execution of modifications to this Lease which do not materially and adversely alter the basic terms hereof. Nothing herein shall impose upon Landlord any requirement to approve any modification or amendment to the Lease which would violate or contravene any applicable laws or any contract or agreement to which Landlord is a party or which is binding on Landlord. Landlord agrees that it will, upon request of Tenant, from time to time, but not more frequently than once a year, enter into an amended and restated lease combining into one document the entire Lease and all amendments and modifications theretofore entered into.

Section 19.21 Estoppel Certificate. Each party agrees from time to time, upon no less than twenty (20) days prior written notice from the other or upon request from any Leasehold Mortgagee or any permitted assignee, to execute, acknowledge, and deliver to the other or to such Leasehold Mortgagee or assignee a statement certifying to its knowledge that (i) this Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent has been paid, and that no additional Rent or other payments are due under this Lease (or if additional Rent or other payments are due, the nature and amount of the same); and (iii) whether there exists any uncured default by the other party or any defense, offset, or counterclaim against the other party, and, if so, the nature of such default, defense, offset or counterclaim. Any such statement delivered under this Section 19.21 may be relied upon by any prospective purchaser or holder of a mortgage of the leasehold interest hereunder from Tenant or any prospective assignee of any such holder of a Leasehold Mortgage.

Section 19.22. Progress Reports. Until Tenant is entitled to the issuance of a Certificate of Occupancy by the City, Tenant must provide Landlord with monthly progress reports regarding the status of the construction of the Redevelopment, including Tenant's compliance with all applicable state and federal requirements.

Section 19.23. Relationship of Parties. Nothing herein contained shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent or of partnership or a joint venture between the parties hereto, or any relationship of third party beneficiary, it being understood and agreed that no provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

[SIGNATURES ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have executed this Lease as of the effective date of the Lease set forth above.

LANDLORD:

HAWAII PUBLIC HOUSING AUTHORITY,
a Hawai'i public body corporate and politic

By: _____
Name: Hakim Ouansafi
Title: Executive Director

APPROVED AS TO FORM:

Linda L.W. Chow
Deputy Attorney General

TENANT:

KPLR Phase 1, LP, a Hawai'i limited
partnership

By: _____
Name:
Title:

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF)

On this ____ day of _____, _____, before me appeared _____, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

NOTARY CERTIFICATION: The foregoing instrument is identified or described as the Ground Lease is dated _____, and contained ____ pages at the time of this acknowledgment/certification in the First Circuit of the State of Hawaii.

Name: _____
Notary Public, State of Hawai'i
My commission expires: _____

STATE OF HAWAI'I)
) ss.
CITY AND COUNTY OF HONOLULU)

On this ____ day of _____, before me appeared _____, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

NOTARY CERTIFICATION: The foregoing instrument is identified or described as the Ground Lease is dated _____, and contained ____ pages at the time of this acknowledgment/certification in the First Circuit of the State of Hawaii.

Name: _____
Notary Public, State of Hawai'i
My commission expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF DEMISED PREMISES

The real property situated in the City and County of Honolulu, State of Hawaii, more particularly described as follows:

FIRST: Unit Nos. as shown in Exhibit A-1 attached hereto of that certain Condominium Project known as Kuhio Park Low Rise, as shown on Condominium Map No. _____, and described in the Declaration of Condominium Property Regime of Kuhio Park Low Rise (“Declaration”) recorded _____ in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. _____, and in the Bureau of Conveyances of the State of Hawaii, as Document No. _____, as the same may be amended.

Together with appurtenant easements as follows:

- (a) Non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of said unit; in the other common elements for use according to their respective purposes; in the other common elements and units for encroachments and the maintenance thereof as set forth in the Declaration.
- (b) Exclusive easements to use other limited common elements appurtenant thereto designated for its exclusive use by the Declaration.
- (c) Easements for encroachments and the maintenance thereof as set forth in the Declaration.

SECOND: An undivided interest as shown in Exhibit A-1 attached hereto in all common elements of the project and in the land upon which said project is located as established for said unit by the Declaration, or such other percentage interest as hereinafter established for said unit by any amendment of the Declaration as tenant in common with the other owners and tenants thereof.

THE LAND UPON WHICH SAID CONDOMINIUM IS LOCATED IS DESCRIBED AS FOLLOWS:

Tax Map Key No. (1) 1-3-039:006:

FIRST:

All of that certain parcel of land, being portion(s) of the land(s) described in and covered by unrecorded Royal Patent Grant 3286, Land Commission Award Number 7151 to Kanemakua, unrecorded Royal Patent Grant Number 1253, Land Commission Award Number 1207 to Hopuia, unrecorded Royal Patent Number 1499, Land Commission Award Number 1198, Apana 1 to Kaohale, unrecorded Royal Patent Number 2522, Land Commission Award Number 1292, Apana 3 to U. Kananui for Kailihiwa and unrecorded Royal Patent Number 1497, Land Commission Award Number 1677, Apana 1 to Pao, unrecorded Royal Patent Number 3273 to Aniani, unrecorded Royal Patent Number 3293 to Aiona and unrecorded Royal Patent Number

6264, Land Commission Award Number 1290 to Ilipaka for Kahoopii; and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing, situate, lying and being at Kaluaopalea, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Number (1) 1-3-039-006 and containing an area of 151,165 square feet, more or less.

Excepting and excluding there from all of and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing.

SECOND:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 1-A, area 1,435 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

LOT 2-A, area 3,519 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

LOT 3-B, area 14,844 square feet, more or less, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

Being the property described in and covered by Transfer Certificate No. 114,462.

THIRD:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2-B-3, area 348 square feet, more or less, as shown on Map 8, filed in the Office of the

Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1331 of Charles Sadao Umeda.

Being the property described in and covered by Transfer Certificate No. 117,007.

Being the premises acquired by:

QUITCLAIM DEED

Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page 436
Grantor : UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee : HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii.

Tax Map Key No. (1) 1-3-039:008:

All of that certain of parcel of land (being portion(s) of the land described in and covered by Royal Patent 4542, Land Commission Award Number 818, Apana 6 to Heirs of George Beckley; Royal Patent Number 1253, Land Commission Award Number 1207 to Hopuia; Royal Patent 672, Land Commission Award Number 1541 to Kamoku; Royal Patent Grant Number 3270 to Kale; Royal Patent 71, Land Commission Award Number 4887, Apana 3 to Sam Thomas; Royal Patent 6888, Land Commission Award Number 3237, Apana 5 to Hewahewa; Royal Patent 604, Land Commission Award Number 803, Apana 6 to A. Adams; Royal Patent 4545, Land Commission Award Number 818, Part 7, Apana 13 to Heirs of George Beckley; Royal Patent 3400, Land Commission Award Number 7155 to Kawauke, Royal Patent Number 4164, Land Commission Award Number 1313-B, Apana 2 to Kauwahi and Royal Patent Number 4545, Land Commission Award Number 818, Part 7 to Heirs of George Beckley) being PARCEL 1-B, situate, lying and being at Kaliawa, Kaluaopalena, Kukahi, Kionawawana, Paapaa, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Designation (1) 1-3-039-008 and containing an area of 144,493 square feet, more or less.

Being the premises acquired by:

QUITCLAIM DEED

Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page 436
Grantor : UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee : HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii

NOTE: Act 337, Session Laws of Hawaii 1987, effective July 1, 1987, bifurcated the HAWAII HOUSING AUTHORITY into two separate state agencies known as the HOUSING FINANCE AND DEVELOPMENT CORPORATION and the Hawaii Housing Authority.

NOTE: Act 380, Session Laws of Hawaii 1997, effective July 1, 1998, HOUSING FINANCE AND DEVELOPMENT CORPORATION transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII.

NOTE: Act 180, Session Laws of Hawaii, effective July 1, 2006, HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HAWAII PUBLIC HOUSING AUTHORITY. CONFIRMATION OF OWNERSHIP dated April 8, 2016, recorded April 13, 2016 in the Bureau of Conveyances, State of Hawaii, as Document No. A-59470641.

EXHIBIT A-1

CPR UNIT NO. & COMMON INTEREST PERCENTAGE

UNIT NO.	PERCENTAGE INTEREST (%)
1	[]
2	[]
3	[]
4	[]

EXHIBIT A-2

DISTRIBUTION OF CASH FLOW

- First, to pay any asset management or other fees due to the Investor;
- Second, to repay any Investor loans or Investor taxes and penalties from LIHTC shortfalls or recapture, as required by the Investor;
- Third, to pay any deferred Developer Fee in accordance with Section 6.4
- Fourth, pay any additional amounts owed to the Investor;
- Fifth, to replenish any Authority and Developer approved Development Phase reserves;
- Sixth, seventy-five percent (75%) of the remaining cash flow to repay the HHFDC RHRF loan;
- Seventh, seventy-five percent (75%) of the remaining cash flow to repay any Authority or Authority-instrumentality loans or notes, including any ground lease payments;
- Eighth, to repay any loans made by the Developer-controlled general partner/managing member of the Owner;
- Ninth, to pay the balance of any remaining funds fifty percent (50%) to the Authority or its designated Affiliate and fifty percent (50%) to the Developer controlled general partner/managing member of the Owner.

The Developer and Authority agree that the cash flow distribution for each Development Phase will be subject to the consent of the selected Investor, but agree to work together cooperatively and in good faith to reflect the above distribution in the limited partnership or operating agreement of each Owner.

EXHIBIT A-3

DISTRIBUTION UPON SALE OR REFINANCE

[insert final section from operating agreement]

EXHIBIT B

INSURANCE REQUIREMENTS

- A. The Tenant will provide Comprehensive General Liability, Comprehensive Automobile Liability, Employers Liability and Errors and Omissions Liability coverage to protect itself and the Landlord. The State of Hawai‘i, the Landlord, its employees and representatives must be included as an additional insured on all policies. The policies will provide limits of coverage acceptable to the Landlord and will be provided by highly rated insurance companies acceptable to the Landlord.
- B. Waiver of Subrogation in favor of the State of Hawai‘i shall be included for the General Liability, Automobile Liability, and Workers Compensation policies. Tenant shall endorse such policies to a waiver of any right to subrogation against the State of Hawai‘i and their respective employees and agents by each insurer under each required policy described herein. When required by the insurer or should a policy condition not permit the Tenant to enter into a pre-loss agreement to waive subrogation without an endorsement, Tenant shall notify the insurer and request that the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should the Tenant enter into such an agreement on a pre-loss basis.
- C. Before the execution of the Lease, the Tenant shall furnish to the Landlord certificate(s) of insurance as evidence of the existence of the following insurance coverage in amounts not less than the amounts specified. This insurance must be maintained throughout the entire Term.

- i. Workers’ Compensation

The Tenant shall carry Workers’ Compensation insurance in such form and amount to satisfy, the applicable State Workers’ Compensation Law. Workers’ Compensation must be issued by an admitted carrier authorized to do business in the State of Hawai‘i.

- ii. Fidelity Bond

The Tenant shall obtain and maintain, at its sole expense during the term of this Contract, a fidelity bond at a minimum of \$500,000.00, or the minimum amount required by the applicable program, which shall cover all officers, employees, and agents of the Tenant and which shall protect the Tenant against loss because of, including but not limited to, fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction or misappropriation or any other dishonest criminal or fraudulent act, wherever committed and whether committed directly or with others. The Tenant shall

furnish, at no cost or expense to the Landlord, a certificate of such coverage, within thirty days from the award of the Contract.

iii. Errors and Omissions

The Tenant shall cause the Management Agent to obtain and maintain errors and omissions professional liability coverage at its own expense at a minimum of \$1,000,000.00 per occurrence and \$2,000,000.00 annual aggregate.

iv. Liability Insurance

The Tenant shall maintain the following minimum insurance limits and coverage:

<u>Coverages</u>	<u>Limits</u>
Commercial General Liability	\$2,000,000 single limits per occurrence for bodily injury and personal property damage
Personal Injury Liability	\$1,000,000.00 single limits per occurrence. \$2,000,000.00 for general aggregate
Automobile Insurance	Bodily injury liability limits of \$1,000,000.00 each person and \$1,000,000.00 per accident and property damage liability limits of \$1,000,000.00 per accident OR \$2,000,000.00 combined single limit
Workers' Compensation as required by laws of the State of Hawai'i	Insurance to include Employer's Liability. Both such coverages shall apply to all employees of the Tenant and to all employees of sub-contractors in case any sub-contractor fails to provide adequate similar protection for all its employees

EXHIBIT C

CERTAIN DEFINITIONS

“Environmental Laws” means any applicable present or future federal, state or local law, ordinance, rule, regulation, permit, license or binding determination of any governmental authority relating to, imposing liability or standards concerning, or otherwise addressing the environment, health or safety, including, but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (“CERCLA”); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (“RCRA”); the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq. (“TOSCA”); the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the Clean Water Act, 33 U.S.C. Section 1251 et seq. and any so-called “Superfund” or “Superlien” law; and the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq. (“OSHA”), and Chapter 343 of the Hawaii Revised Statutes, as each is from time to time amended and hereafter in effect

“Hazardous Materials” means:

- (a) “hazardous substances” as defined by CERCLA;
- (b) “hazardous wastes,” as defined by RCRA;
- (c) any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance (“pollutant”) within the meaning of any Environmental Law prohibiting, limited or otherwise regulating the use~ exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant;
- (d) petroleum crude oil or fraction thereof;
- (e) any radioactive material, including any source, special nuclear or by-product material as defined in 42 U.S.C. Section 2011 et seq. and amendments thereto and reauthorizations thereof;
- (f) asbestos-containing materials in any form or condition; or
- (g) polychlorinated biphenyls in any form or condition.

EXHIBIT D

NOTICE ADDRESSES LEASEHOLD MORTGAGEES

[To be completed]

1. Hawaii Housing Finance and Development Corporation
677 Queen Street
Suite 300
Honolulu, Hawai'i 96813
Attn: Executive Director
Phone: (808) 587-0600
Fax: (808) 587-0600

EXHIBIT E

ENVIRONMENTAL REPORTS

1. Limited Phase I Environmental Site Assessment at Kuhio Park Terrace Brownfields Site, Honolulu, Hawaii, dated August 2003, updated September 2003, prepared by AMEC Earth and Environmental, Inc. (AMEC)
2. Limited Phase I Environmental Site Assessment, Kuhio Park Terrace, Honolulu, Hawaii, dated July 2004, revised June 2005, prepared by AMEC
3. Sampling and Analysis Plan – Draft Site Assessment at Kuhio Park Terrace, Brownfields Site, Honolulu, Hawaii, dated February 2004, prepared by AMEC
4. Sampling and Analysis Plan Site Assessment at Kuhio Park Terrace, Honolulu, Hawaii, dated September 2004, prepared by AMEC
5. Phase I Environmental Site Assessment, Kuhio Park Terrace Towers A and B 1475 Linapuni Street (Portion of TMK No.: [1] 1-3-39: Parcel 1) Honolulu, Oahu Hawaii, dated April 26, 2010, prepared by Bureau Veritas North America, Inc.
6. Multi-Increment Soil Sampling, Portion of Kuhio Park Terrace Property (Tax Map Key No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated June 21, 2010, prepared by Bureau Veritas North America, Inc. (Bureau Veritas)
7. Field Sampling Plan for Targeted Brownfields Assessment of Kuhio Park Terrace Property at 1518 to 1532 Linapuni Street, Buildings C-1 through C-8 and D-1 through D-4, Honolulu, HI, dated August 2010, prepared by Ecology and Environment, Inc.
8. Environmental Hazard Management Plan, Portion of Kuhio Park Terrace Property, TMK: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated September 2010, prepared by EnviroServices & Training Center, LLC
9. Phase I Environmental Site Assessment, Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, 1472 to 1592 Linapuni Street, Honolulu, Oahu, Hawaii, dated October 2010, prepared by Ecology and Environment, Inc.
10. Additional Multi-Increment Soil Sampling, Kuhio Park Terrace Property (Tax Map Key No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated November 11, 2010, prepared by Bureau Veritas
11. Targeted Brownfields Assessment Report for Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, 1472 to 1592 Linapuni Street, Honolulu, Oahu, Hawaii, dated December 2010, prepared by Ecology and Environment, Inc.
12. Soil Management Plan, Portion of Kuhio Park Terrace Property (TMK No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated November 23, 2010, prepared by Bureau Veritas
13. Remedial Action Work Plan, Kuhio Park Terrace Property, Tax Map Key (TMK) Number: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated March 21, 2011, prepared by Bureau

Veritas

14. Revised Remedial Action Workplan, Kuhio Park Terrace Property, Tax Map Key (TMK) Number: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated May 11, 2012, prepared by Bureau Veritas
15. Environmental Hazard Evaluation and Environmental Hazard Management Plan, Portion of Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, TMK: (1) 1-3-39: Parcel 8, Honolulu, Oahu Hawaii, dated September 2012, prepared by EnviroServices & Training Center, LLC
16. Environmental Hazard Management Plan, Kuhio Park Terrace Property, TMK Number: (1) 1-3-039: Parcels 007, 009, and 010, Honolulu, Oahu Hawaii, dated September 6, 2013, prepared by Bureau Veritas
17. No Further Action with Institutional Controls Determination Letter, Kuhio Park Terrace Buildings D1 and D2, prepared by the HDOH, HEER Office, dated September 10, 2013
18. Soil Sampling and Analysis Plan, Kuhio Park Terrace, Linapuni Street and Ahonui Street, Honolulu, Hawaii 96817, dated September 15, 2015, Revised September 30, 2015, prepared by ENPRO Environmental
19. Notice of Finding of No Significant Impact published in the Star-Advertiser and accepted by the Governor of the State of Hawaii dated January 23, 2024.
20. Phase I Environmental Site Assessment prepared by Ford & Associates, Inc., for Michaels Development dated March 16, 2022
21. Phase I Environmental Site Assessment Updated prepared by Ford & Associates, Inc., for Michaels Development dated July 23, 2024
22. Mitigation Plan prepared by PBR Hawaii & Associates Inc for Michaels Development dated October 25, 2023
23. Hazardous Materials Assessment Survey Report prepared by Ford & Associates, Inc., for Kuhio Park 2, LLC dated May 13, 2024.
24. Site Investigation Work Plan prepared by Ford & Associates, Inc. for Kuhio Park 2, LLC dated August 15, 2024
25. Draft Interim Construction Environmental Hazard Management Plan prepared by Ford & Associates, Inc, for Kuhio Park 2, LLC dated February 6, 2025

EXHIBIT F

PERMITTED ENCUMBRANCES [TO BE PROVIDED]

Permitted Encumbrances shall be as set forth in Schedule B to the Title Guaranty of Hawaii, Inc. Lender's Title Policy in the amount of \$_____, File No. FC_____, as issued by First American Title Insurance Company

.

EXHIBIT G

PERFORMANCE AND COMPLETION GUARANTY (Kuhio Park Terrace Low-Rise Phase 1)

This **PERFORMANCE AND COMPLETION GUARANTY** (this “**Guaranty**”) is entered into as of _____, 2025, by **HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company (“**Guarantor**”), for the benefit of **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawaii (“**HPHA**”).

RECITALS:

HCDC KUHIO PARK 1, LLC, a Hawaii limited partnership, (the “**Tenant**”) has entered into that certain HPHA Ground Lease Agreement for Kuhio Park Low Rises and Homes Phase 1 with the HPHA dated as of substantially even date herewith (the “**Ground Lease**”), which obligates the Tenant to, among other things, complete construction of a 304-unit affordable housing development.

As a condition to entering into the Ground Lease, HPHA requires that Guarantor execute this Guaranty.

Guarantor will directly or indirectly derive a material financial benefit from the Tenant entering into the Ground Lease.

NOW, THEREFORE, in order to induce HPHA to enter into the Ground Lease, and in consideration thereof, Guarantor agrees as follows:

Defined Terms. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Ground Lease.

Scope of Guaranty. Guarantor represents to HPHA that Guarantor has a direct or indirect ownership interest in Tenant and/or will otherwise derive a material financial benefit from the Tenant entering into the Ground Lease. Guarantor hereby does jointly, severally and unconditionally guaranty to HPHA the following (collectively, the “**Guaranteed Obligations**”):

that Tenant will complete the Improvements in accordance with the Plans and Specifications;

that in the event that the sum of the proceeds of the loans secured by the Leasehold Mortgagees available for disbursement, the equity contributions available for disbursement from the Tax Credit Investor, and the net cash flow available from the Premises are, or at any time become, in the judgment of the HPHA, insufficient to pay all costs for the completion of the Improvements, then the Tenant will pay such costs;

that Tenant will pay and discharge, or otherwise release, all mechanic’s and materialmen’s liens or claims therefor imposed or alleged against the Premises to the end

that there shall be no mechanic's, materialmen's or other like liens or claims outstanding against the Premises;

that Tenant shall cause the construction of the Improvements at all times to comply with all applicable existing building, zoning, use and environmental protection laws and ordinances as may be necessary to enable the use and occupancy of the Premises for its intended purposes

If Tenant shall fail to duly and punctually perform and observe any of the Guaranteed Obligations, then upon written demand by the HPHA or its designee, Guarantor forthwith will itself, at its own expense, do, promptly perform and observe such Guaranteed Obligations provided, however, (a) to the extent that the Guarantor's ability to continue and complete construction of the Improvements is impacted by the _____ (the "**Construction Lender**") failure to advance funds to the Guarantor under the Tenant's loan agreement with the Construction Lender, the HPHA agrees to delay enforcement of this Guaranty for up to 180 days to allow the Guarantor to obtain replacement financing, and (b) obligations imposed on the Guarantor under this Guaranty are limited to the extent that Guarantor certifies to HPHA, and HPHA confirms the basis for such certification (such confirmation not to be unreasonably withheld, conditioned or delayed), that the cost to complete the Improvements, when combined with financing costs and the construction costs (including all costs incurred as of the date of such determination and the projected costs to complete the Improvements) (collectively, "**Total Construction Costs**"), exceeds one hundred and twenty percent (125%) of the budget approved by HPHA, Leasehold Mortgagees, and the Tax Credit Investor at Closing (the "**Guaranty Limit**"). If the Guaranty Limit is reached this Guaranty shall terminate in accordance with Section 16 of this Guaranty.

In the case of any payment to be made by Guarantor, such payment shall be made within five (5) days following written demand therefor, and any amounts not paid within such time shall accrue interest at the long term applicable federal rate from the earlier of the date of demand therefor or such other date as may be provided under the Ground Lease.

[Reserved]

Guaranty of Payment and Performance. Guarantor's obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor.

Unconditional Guaranty. The obligations of Guarantor under this Guaranty shall be performed without demand by HPHA and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Ground Lease, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor

hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, presentment, demand for payment, protest, all notices with respect to this Guaranty which may be required by statute, rule of law or otherwise to preserve HPHA's rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Ground Lease, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Tenant of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require HPHA to (a) proceed against the Tenant or any other guarantor of Tenant's payment or performance with respect to the Indebtedness (an "**Other Guarantor**"), (b) if the Tenant or any Other Guarantor is a partnership, proceed against any general partner of the Tenant or the Other Guarantor, or (c) pursue any other remedy it may now or hereafter have against the Tenant, or, if the Tenant is a partnership, any general partner of Tenant. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Ground Lease, (b) any defense that HPHA has waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (c) any other event or circumstance that may constitute a defense of Guarantor to payment of the Guaranteed Obligations.

Joint and Several Liability. If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. HPHA, in its sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as HPHA may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of HPHA to collect from Guarantor any amount guaranteed by Guarantor under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

[Reserved]

[Reserved]

Preference. If any payment by the Tenant is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason HPHA is required to refund any sums to Guarantor, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of HPHA and Guarantor that Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

Reinstatement. If at any time any payment of any amounts due under this Guaranty is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

Guarantor's Financial Condition.

Guarantor hereby represents and warrants to HPHA that as of the date hereof and throughout the term of this Guaranty, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities and debts (excluding contingent liabilities), and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of this Guaranty, except for the payment of employee salaries and benefits, distributions and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, which, when taken in the aggregate are on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

Guarantor hereby represents and warrants to HPHA that all financial statements and other financial data previously delivered to HPHA in connection with this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to HPHA that, except as previously disclosed to HPHA in writing, no material adverse change has occurred as of the date hereof in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to HPHA in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor's obligations under this Guaranty.

Guarantor shall furnish or cause to be furnished to HPHA: as soon as available and in any event within one hundred eighty (180) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to HPHA in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Notwithstanding the foregoing, the financial statements of any individual Guarantor, if any, are not required to be audited by an independent certified public accountant.

Guarantor shall from time to time, upon written request by HPHA, deliver to HPHA Lender such other financial statements as HPHA may reasonably require.

Marital and Residency Status. N/A

Financial Covenants. N/A

Term of Guaranty. Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), this Guaranty shall automatically terminate on the earlier to occur of (a) the Completion Date or (b) date the Guarantor provides a certification to the HPHA that Total Construction Costs exceed the Guaranty Limit, and HPHA has confirmed the basis for such certification (such confirmation not to be unreasonably conditioned, withheld or delayed) or (c) termination of the Ground Lease.

Determinations by HPHA. Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of HPHA may be given or is required, or where any determination, judgment or decision is to be rendered by HPHA under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by HPHA, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Governing Law. This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

Consent to Jurisdiction and Venue. Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit HPHA's right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor's assets in any court of any other jurisdiction.

Successors and Assigns. This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the HPHA and its respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any HPHA, at its option, may assign its respective rights and interests under this Guaranty and the Ground Lease in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the Ground Lease shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining HPHA's prior written consent.

Severability. The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Expenses. Guarantor shall pay to HPHA, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys' fees (including reasonable time charges of attorneys who may be employees of HPHA), which HPHA may incur in connection with (a) the exercise or enforcement of any of its rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to HPHA any such expenses, interest on such expenses computed at the long term applicable federal rate of interest.

Remedies Cumulative. In the event of Guarantor's default under this Guaranty, HPHA may exercise all or any one or more of its rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent HPHA from exercising any other right or remedy available to HPHA. HPHA may exercise any such remedies from time to time as often as may be deemed necessary by HPHA.

No Agency or Partnership. Nothing contained in this Guaranty shall constitute HPHA as a joint venturer, partner or agent of Guarantor, or render HPHA liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

Entire Agreement; Amendment and Waiver. This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received a copy of the Ground Lease. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

Further Assurances. Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that HPHA may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable HPHA to exercise and enforce its rights and remedies under this Guaranty.

Notices; Change of Guarantor's Address. All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested, or by Federal Express or other receipted courier service, or hand delivered, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service or hand delivery shall be deemed to have been given and received upon

delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

If to Guarantor:

Highridge Costa Development Company, LLC
330 W. Victoria Street
Gardena, California 90248
Attn: Mohannad H. Mohanna

With a copy to:

Settle Meyer Law LLLC
900 Fort Street Mall, Suite 1800
Honolulu, Hawaii 96813
Attn: Scott W. Settle, Esq.

If to HPHA:

Hawaii Public Housing Authority
1002 N. School St.
P.O. Box 17907
Honolulu, Hawai'i 96817
Attn: Executive Director

With a copy to:

Department of the Attorney
General, State of Hawai'i
425 Queen Street
Honolulu, Hawai'i 96813
Attn: Deputy Attorney General

Counterparts. To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Captions. The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

[Reserved]

[Reserved]

Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND HPHA (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Time of the Essence. Time is of the essence with respect to this Guaranty.

34. **Limitation on Recourse.** All obligations of Guarantor under this Guaranty shall be recourse obligations of such Guarantor only, payable solely and only from the assets of the Guarantor. No member, manager, shareholder, owner, trust, director, officer, agent, employee, attorney or consultant of Guarantor, including any person executing this Guaranty on behalf of

Guarantor, shall be liable personally under this Guaranty.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Performance and Completion Guaranty or caused this Performance and Completion Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above.

GUARANTOR:

**HIGHRIDGE COSTA DEVELOPMENT
COMPANY, LLC**, a Delaware limited liability
company

By: _____
Mohannad H. Mohanna
Its President

EXHIBIT G

OCCUPANCY AND TENANT SELECTION PLAN

[Attached]

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

This Occupancy & Tenant Selection Plan establishes a set policy which will be consistently applied to all applicants. The Owner/Agent does not discriminate against persons with disabilities. This property accepts Housing Choice Vouchers. Kuhio Park Low Rises and Homes Phase 1 (KPLR) is located at 1441 Ahonui Street and 1472 Linapuni Street, Kalihi, City and County of Honolulu, HI 96819. This property contains 302 LIHTC units.

Kuhio Park Low Rises and Homes Phase 1 (KPLR) is SMOKE FREE

The use of prohibited smoking products in all indoor areas, including individual living units, common areas, administrative office buildings, and outdoor areas within 25 feet of those areas is expressly prohibited. Prohibited smoking products include but are not limited to any product(s) that involve(s) the ignition and burning of tobacco leaves, such as cigarettes, cigars, pipes, waterpipes (hookahs), and electronic cigarettes (e-cigarettes) or other electronic smoking devices. This includes Medical Marijuana.

1. POLICY ON NON-DISCRIMINATION:

Kuhio Park Low Rises and Homes Phase 1 (KPLR) pledges to follow the United States policy of achievement of equal housing opportunity throughout the nation. We encourage and support affirmative advertising and marketing programs in which there are no barriers to obtaining housing and all persons will be treated fairly and equally without regard to disability, race, color, religion, sex, source of income, familial status, national origin, actual or perceived sexual orientation, gender identity, marital status and/or domestic partnership in accessing, applying for or in treatment or employment in any of its programs and activities.

For persons who, as a result of national origin, do not speak English as their primary language and who have a limited ability to speak, read, write, or understand and for purposes of Title VI LEP Guidance, persons may be entitled to language assistance with respect to a particular service, benefit, or encounter. ISpeak Card are posed in the Rental Office.

It is the policy of this property to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination on the basis of disability in any program or activity receiving federal financial assistance from the U.S. Department of Housing & Urban Development, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation, Marital Status or Gender Identity Final Rule 2012 (updated in 2016) and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted. The Violence Against Women Act provides housing protections for survivors of domestic violence, dating violence, sexual assault, and/or stalking. Despite the name of the law, VAWA's protections apply regardless of sex, sexual orientation, or gender identity. VAWA was reauthorized in 2022, as part of that reauthorization, Congress required HUD to implement and enforce the housing provisions of VAWA consistent with, and in a manner that provides, the same rights and remedies as those provided for in the Fair Housing Act.

MMA applies screening criteria uniformly to all applicants. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial



EXHIBIT G
TENANT SELECTION PLAN

Kuhio Park Low Rises and Homes Phase 1 (KPLR)

move-in. Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

2. REASONABLE ACCOMMODATION & MODIFICATION

The person named below has been designated to coordinate compliance with the non-discrimination requirements contained in the Department of Housing and Urban Development's regulations implementing Section 504:

Robin Madison, 504 Coordinator, Michaels Management-Affordable, LLC, P.O. Box 90708, Camden, NJ 08101, 856-596-0500 FAX 856-596-2636 | rmadison@tmo.com | TDD users: Dial 711.

It is our policy, pursuant to Section 504 of the Rehabilitation Act and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. Kuhio Park Low Rises and Homes Phase 1 (KPLR) will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, the property will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services. When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

- a. make structural alterations that require the removal or altering of a load-bearing structure,
- b. provide support services that are not already part of its housing programs,
- c. take any action that would result in a fundamental alteration in the nature of the program or service, or
- d. take any action that would result in an undue financial and administrative burden on the property, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

3. FEDERAL PRIVACY POLICY

It is the policy of Kuhio Park Low Rises and Homes Phase 1 (KPLR) to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), and the Violence Against Women and Justice Department Reauthorization Act of 2022 (VAWA) to ensure the protection of such individuals' records maintained by the property.

4. OCCUPANCY STANDARDS

No more than two people will be allowed per bedroom unless different guidelines are enforced by the local and/or state laws.

5. INCOME LIMITS

Applicants must meet all applicable Federal Low-Income Housing Tax Credit (LIHTC) Program guidelines. The Low-Income Housing Tax Credit (LIHTC) program is administered by the Internal Revenue Service (IRS). Pursuant to an IRS revenue ruling, participating properties base their rents on the income limits that HUD is mandated to publish annually. The limits are based on family size and the annual income the family receives, and are available [attached to this plan](#).

6. PROGRAM ELIGIBILITY REQUIREMENTS

Applicants and tenants must meet the following requirements to be eligible for



EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

occupancy:

- A. The family's annual income must not exceed program income limits.
- B. An applicant must agree to pay the rent required by the program.
- C. All information reported by the family is subject to verification.
- D. SSN/TIN Numbers must be disclosed for screening purposes.

7. STUDENT ELIGIBILITY

LIHTC Regulations student status states household cannot be comprised of all full-time students (Kindergarten through 12th grade and institutions of higher education) unless they meet one of the following exceptions:

1. A student receiving assistance under Title IV of the Social Security Act (TANF); or
2. A student who was previously in the foster care program; or
3. A student enrolled in a job training program receiving assistance under the Job Training Partnership Act or other Federal, State, or local laws; or
4. The household comprises single parents and their children, and such parents are not dependents of another individual. Such children are not dependents of another individual other than a parent of such children. In the case of a single parent with children, the legislative history explains that none of the tenants (parent or children) can be a dependent of a third party; or
5. The household contains a married couple entitled to file joint tax returns.

NOTE: For the LIHTC program, a student who is a full-time student for 5 months out of the current calendar year is considered a full-time student for the entire calendar year. The months do not need to be consecutive.

8. CRIMINAL HISTORY

Management will conduct a criminal background check, through a third-party provider, on each adult member of an applicant household. An adult means a person 18 or older. Sex Offender registries will be checked for all household members regardless of age using a third-party provider and/or the Dru Sjodin National Sex Offender Database. Management will check for the regulatory "subject to lifetime sex offender registration requirement in any state", as well as the management adopted criteria of sex offender registration, other than lifetime, in any state. If the criminal background report reveals negative information about a household member and the management company proposes to deny admission due to the negative information, the subject of the record (and the applicant, if different) will be provided notice of the proposed adverse action and an opportunity to dispute the accuracy of the record (IR-082X). The notice will include the name, address, and telephone number of the agency that composed the criminal record report and inform the applicant of his or her right to dispute the accuracy of the criminal record report as well as his or her right to a free copy of the criminal record report. If the applicant does not contact the management company to dispute the accuracy of the criminal record within 14 calendar days, the management company will send a written notice of ineligibility to the applicant stating the specific reason for denial and advise the applicant of their appeal rights and – if disabled – their right to request a reasonable accommodation, if applicable. If the applicant's criminal conviction was related to his or her disability, the management company will consider a reasonable accommodation. The management company will not consider an arrest or charge that was resolved without conviction. In addition, the management company will not consider expunged or sealed convictions. Where the management company

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN

Kuhio Park Low Rises and Homes Phase 1 (KPLR)

considers denying admission to a household based on a criminal conviction, the management company will conduct an individualized assessment of the criminal record and its impact on the household's suitability for admission (IR-015).

This individualized assessment will include consideration of the following factors:

1. the seriousness of the criminal offense;
2. the relationship between the criminal offense and the safety and security of residents, staff, or property;
3. the length of time since the offense, with particular weight being given to significant periods of good behavior;
4. the age of the household member at the time of the offense;
5. the number and nature of any other criminal convictions;
6. evidence of rehabilitation, such as employment, participation in a job training program, education, participation in a drug or alcohol treatment program, or recommendations from a parole or probation officer, employer, teacher, social worker, or community leader; and
7. tenancy supports or other risk mitigation services the applicant will be receiving during tenancy. Management has established a policy to reject all applications where the applicant or any household member has engaged in certain criminal activity and has been released anytime during the past 5 years from a prison, penitentiary or jail after serving time for a felony.

The activities that will be grounds for rejection of an application include but are not limited to the following:

1. Any conviction or adjudication other than acquittal for violent crimes and felonies in all states, including but not limited to: criminal homicide, manslaughter, armed robbery, assault, arson, etc. within the last 7 years.
2. Any conviction or adjudication, other than acquittal, which involved injury or potential injury to a person or property within the last 5 years.
3. Any conviction or adjudication other than acquittal for non-violent crimes, the severity or existence of crime vary from state to state including, but not limited to: other simple assaults, forgery, fraud, embezzlement, weapons, etc. within the last 3 years.
4. Any conviction or adjudication other than acquittal for the sale, distribution or manufacture of any controlled or illegal substance within the past 5 years.
5. Any current illegal user or addict of a controlled or illegal substance or Household is currently engaged in illegal use of drugs or there is reasonable cause to believe that a member's illegal use or pattern of illegal use that may interfere with the health, safety, or right to peaceful enjoyment by other residents.
6. Any act which results in the person's tenancy constituting a threat to the health or safety of other individuals, result in possible substantial physical damage to the property of others, or interfere with the peaceful and quiet enjoyment of the premises.
7. Any conviction or adjudication other than acquittal, for any sexual offense.
8. Registration on any state sex offender registry.
9. Any conviction or adjudication other than acquittal, which involved bodily harm to a child.

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

10. Any conviction or adjudication other than acquittal, for domestic violence, dating violence, sexual assault or stalking, unless otherwise protected pursuant to the Violence Against Women Act within the last 5 years.
11. Eviction for Drug Related Criminal Activity from federally assisted housing for drug related criminal activity within the last 3 years.
12. Alcohol abuse, or pattern of abuse of alcohol, that interferes with the health, safety or right to peaceful enjoyment of the premises by other residents.
13. Any applicant convicted or adjudication other than acquittal of more than 3 felonies or misdemeanors of any kind, within 7 years of the application.

It is the policy of Kuhio Park Low Rises and Homes Phase 1 (KPLR) to screen applicants for criminal history, and to reject applications if it is determined that current or past criminal activity of an applicant may indicate a present threat to the health, safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility. Management will work with law enforcement to follow-up on any criminal reports received for all criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff); or any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises. If the criminal police reports indicate criminal activity, which allows for the termination of tenancy, then eviction proceedings will be started.

9. CREDIT HISTORY

Credit reports will be obtained, from a third-party provider, for all applicant household members who are 18 years of age or older. The credit report must demonstrate that the applicant has paid financial obligations as agreed. Monies owed for medical related expenses and student loans will be disregarded. Either the management company and/or a third-party screening company retrieves credit records and independently assesses an applicant's credit performance, assigning greater weight to activity reported over the most recent 24-month period. An applicant may be rejected if the report demonstrates a history of poor credit with little or no effort made to address the outstanding debts. An applicant will be denied if the credit report shows in the last 7 years:

1. Unpaid balance(s) owed to current or previous landlord(s).
2. Outstanding debt to a utility company that would prohibit the applicant from establishing utility service in his/her name prior to move-in. Applicants may be re-considered if they provide evidence the debt has been paid and the utility company will provide service.
3. A bankruptcy that has not been discharged.
4. Any credit history that is an indication of irresponsible behavior that indicates future problems for the property.

Should the applicant be rejected based on credit; MMA will provide the applicant with the name and contact information of the credit reporting agency. All applicants may appeal the rejection and, if disabled, may request a reasonable accommodation. MMA will waive a rejection based solely on credit if the negative information can be mitigated to the satisfaction of the Landlord by substantially reducing the financial risk to the Landlord.

10. LANDLORD HISTORY

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

Management will contact the current landlord and at least one prior landlord. An Applicant may be rejected for the following report(s) provided by a current or prior Landlord.

1. Failure to disclose a prior residency and/or disclosure of a false residency history on the application;
2. An unpaid balance owing to a prior landlord for rent, damages, or other charges; unless previous arrangements for repayments have been made by the Applicant and regular payments can be verified;
3. History of failure to cooperate with the recertification process
4. Eviction of any household member, for three (3) years from the date of the eviction, unless eviction was from a non-subsidized unit for non-payment of rent due to a lack of or decrease of income;
5. History of late payment of rent (defined as rent paid late three (3) or more times in any consecutive six (6) month period during the preceding two (2) years);
6. Previous evictions for lease violations, termination for fraud, or any legal proceedings against any household member;
7. A source of conflict with Management and/or residents;
8. Destructive to their apartment or other public areas;
9. In violation of previous lease agreement or house rules;
10. Poor housekeeping habits, hoarding, or unreasonable clutter that may result in a threat to health and safety;
11. Evidence of a pest (such as bed bugs) infestation, if the Applicant refuses to cooperate with the treatment requirement at move-in;
12. History of permitting person(s) not on the lease or otherwise authorized to reside in their unit without the prior written approval of Management;
13. Disturbance of other tenants, damage to the unit or property, or interference with the management of the property by any household member or their guests; When determining suitability for housing, the property does not take into considering Landlord References given by a friend or family member. The absence of a landlord reference shall not adversely affect the applicant. Information that indicates an unstable or potentially hazardous relationship between the Applicant(s) and other Residents. Information that indicates the Applicant or any Household Member would be a threat to the safety and well-being of the Development and/or other Residents. A member of the Applicant Household's behavior and/or conduct on the property (Either as a visitor of another Resident or exhibited to Management during the application process) is unacceptable, or interferes with the rights and convince of other Residents and/or Management (staff, contractors, etc.).

❖ An exception may also be made if the applicant is a domestic violence victim, which required the applicant to get out of a lease early and left owing a balance for rent and/or damages: The applicant must present written verification of their situation. This may take the form of a valid order for protection or a record of reporting the incident(s) of domestic violence/assault/stalking to a "qualified third party", such as law enforcement officers, state court employees, healthcare professionals, licensed mental health professionals, clergypersons, or crime victim/witness program advocates.

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

11. APPLICATION & WAITLIST PROCESS

An application must be completed by every applicant who wishes to be considered for an apartment. If an apartment is not immediately available, a pre-application (brief form of application), which provides the minimum information needed to determine if the applicant is eligible to be put on the waiting list, will be used. Applicants on the waiting list are not guaranteed an apartment.

The process is as follows:

1. Receiving and recording the application: Upon receipt of an application for tenancy, management must indicate on the application the date and time received. This may be accomplished by either using a date and time stamp or by writing and initialing the date and time received.
2. Management must then either process the applicant for admission, place the applicant on the waiting list or, based on a preliminary eligibility determination, reject the applicant.
3. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available and the applicant comes to the top of the waiting list.
4. Every application must be completed and signed by the head of the household, spouse, and every adult household member 18 years of age and older.
5. All members of the household must be listed on the application.

Assistance can be provided from the management and might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed as a result of their disability.

An applicant's name will not be removed from the waiting list unless:

1. the applicant requests their name be removed; or
2. the applicant was clearly advised, in writing, of the requirement to tell property of their continued interest in housing by a particular time and failed to do so; or
3. a reasonable effort was made, in writing, to contact the applicant to determine if there was continued interest in housing but has been unsuccessful; or
4. the applicant was notified, in writing, of its intention to remove the applicant's name.

12. INTERVIEW & VERIFICATION PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with the current IRS Section 42 Regulations. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

All information relative to the following items must be verified as described in these procedures:
Eligibility for Admission, such as:

- a. income, assets, and asset income
- b. household composition
- c. student status

Compliance with Resident Selection Guidelines, such as

- a. positive prior landlord reference, rent paying, caring for a home



EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

- b. history of criminal activity including sex offender registry of any household member
- c. credit checks will be processed through approved credit bureaus, applicants must have a positive credit history.

All the above information must be documented and appropriate verification forms or letters placed in the applicant file. Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person's date of birth) need not be re-verified. Forms of verification include, but are not limited to: verification forms completed as part of the interview process (signed by the applicant) and signed by third parties, documentation, ie, award letters, pay stubs, bank statements, IRS Tax Returns, etc., and clarification memos of telephone conversations with reliable sources (at minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received).

NOTE: If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant's application is rejected for failing to produce it. Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. IRS Section 42 regulations consider false information discovered during the application process will be grounds for rejecting an application

13. WRITTEN REJECTION

*NOTE: An applicant's behavior toward management will be considered in relation to future behavior toward neighbors. **Physical or verbal abuse or threats by an applicant toward all members of management will be noted in the file and the application will be rejected.*** The Applicant Screening and Rejection Criteria applies to all applicants; including but not limited to; all adult members of the Applicant's household who are expected to reside in the unit at initial application, additional members who wish to be added to a household after initial occupancy, and Live-In Aides (will not be screened for ability to pay rent on-time). If an Applicant or a member of the Applicant Household is determined to be ineligible for housing based upon screening, they will be notified of the rejection, in writing, by Management. Reasons for rejection include, but are not limited to:

- a. Application is incomplete.
- b. Applicant does not have sufficient funds to pay the security deposit.
- c. Willful or serious misrepresentation in the application procedure for the apartment or certification process.
- d. Behavior or conduct which adversely affects the safety or welfare of other persons, including property staff; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.
- e. Evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

- f. Evidence of any failure to comply with the terms of rental agreements at prior residences, such as failure to recertify as required, providing shelter to unauthorized persons, keeping pets, or other acts in violation of rules and regulations.
- g. Applicants who owe a balance to present or prior landlords will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for nonpayment of rent or damages have changed sufficiently to enable the household to pay rent and other charges when due.
- h. Applicants who owe a balance to the local utility provider for the property will not be considered for admission until the account is paid in full and/or reasonable assurance is obtained that utility service can be obtained in the name of the head of household and/or another adult household member.
- i. Unsanitary or Hazardous Care of a Unit through acts of neglect, misuse and/or any other conduct or neglect which could result in health or safety problems or in damage to the premises.
- j. Unsatisfactory credit, criminal, and landlord history outlined above.
- k. Failure to meet the Student Rules.

The Applicant(s) will be given fourteen (14) days to respond, in writing, to request a hearing to discuss the rejection. Applicant(s) being rejected will be provided with the VAWA Fact Sheet; Notice of Occupancy Rights Under the Violence Against Women Act (form HUD-5380); and the Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation (form HUD-5382). Applicants, member of the Applicant Household, and/or Live-In Aide must claim VAWA protections within fourteen (14) days from the date of receipt of the rejection notice. MMA will support or assist victims of domestic violence, dating violence, sexual assault and stalking and protect victims, as well as members of their family, from being denied housing or from losing their HUD assisted housing. Requests from Applicants who are victims of domestic violence, dating violence, sexual assault or stalking will be asked to provide documentation of their status as a victim. If the Applicant, Resident, Addition to Household, and/or Live-In Aide has not provided the requested information by the fourteenth (14th) day none of the protections afforded to victims of covered crimes under the Section 8 Housing Programs apply. Documentation of covered crimes: may include:

- 1. A Federal, State, Tribal, Territorial, or Local police or court record; or
- 2. Documentation signed and attested to by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional; from whom the victim has sought assistance in addressing domestic violence, dating violence, sexual assault, stalking, or the effects of abuse; or
- 3. A completed Certification Form HUD-5382 (Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation). Only Management Office Staff shall have access to information as it relates to Applicants and Residents concerning incidents of covered crimes. Information will be confidentially stored in a separate file and maintained for the life of tenancy plus three (3) years following date of move-out. The status of a victim cannot be entered into a shared database unless it is:
 - a. Requested by the individual in a time-limited release,
 - b. Required for use in an eviction or



EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

c. It is otherwise required by law

The hearing will be conducted by Kuhio Park Low Rises and Homes Phase 1 (KPLR) Regional Property Manager and/or a member of management who did not make the initial decision. During the hearing, the assigned hearing official will provide a copy of all information used in the housing determination to the Applicant(s). By providing copies of the criminal background, credit report, landlord references, and/or other documents used in the housing determination, management is allowing the Applicant(s) an opportunity to dispute the accuracy of the documents and an opportunity to provide other documentation which may reverse the original housing determination. Once the hearing has been held, the Hearing Official will have five (5) days to notify the Applicant Household in writing of the final decision. If the Applicant does not appear for the rejection hearing they have requested, and makes no attempt to call or write Management to reschedule, prior to the meeting, the assigned Hearing Official will adhere to the original rejection decision. The Hearing Official will send a letter stating this within five (5) days of the scheduled meeting. A rejection hearing will be rescheduled one time only. The property will keep the following materials on file for at least three (3) years; Application, Initial Applicant Rejection Letter, any Applicant reply, Management's final response, and all interview and verified information on which Management has based the rejection. Management will consider extenuating circumstances when an applicant is a person with disabilities; where a Reasonable Accommodation to the Applicant Screening and Rejection Criteria would allow the Applicant and/or member of the Applicant household to have equal access to housing. All Reasonable Accommodation Requests will be processed in accordance with the property's Reasonable Accommodation and Modification Request Policy and Procedure. In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected.

14. OFFERING AN APARTMENT & SECURITY DEPOSITS

When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant cannot be contacted within five (5) working days, the offer will be cancelled and the apartment will be offered to the next applicant on the waiting list. In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list (IR-093). If the applicant replies affirmatively, the applicant will retain position on the waiting list. If the reply is negative, or if no reply is received within five (5) working days, the applicant will be removed from the waiting list. If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list. If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances. A Security Deposit is required to provide the owner with some financial protection when a tenant moves out of the unit and fails to fulfill his/her obligations under the lease. Security Deposits are held in interest-bearing accounts and allocate the interest to the tenant. The Security Deposit or payment plan are required prior to Move In.

15. MOVE IN BRIEFING

Management will hold a meeting prior to occupancy to ensure that new tenants understand the terms of the lease and relay important information about resident rights, lead-based paint disclosure, house rules, and conditions for termination of tenancy. Keys to the apartment will be issued to the household at this time. The briefing gives the tenant an opportunity to ask questions

EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

and discuss the information being presented. Lead Based Paint Disclosure (if applicable). Other topics will include, but are not limited to: Reasonable Accommodation and Modification Requests, recertifications, unit inspections, House Rules, transfer policy, student eligibility, maintenance charges are actual cost to repair/replace, VAWA – Violence Against Women Act, all household member 18 and over must sign the VAWA Lease Addendum HUD Form-91067, VAWA files are confidential, retained for the term of tenancy plus 3 years, these documents are stored in a secured access location separate from the tenant file, reporting required when the household composition changes, the Move-In/Move Out Inspection form, rent due on first of the month and late fees, etc. The HOH will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month's rent, HOH must have receipt of proof that the utilities have been transferred into their name

16. TRANSFER POLICY

Residents who wish to transfer to another unit must make the request in writing to the Rental Office. Depending on box 8b of IRS Form-8609 for Kuhio Park Low Rises and Homes Phase 1 (KPLR), households may or may not be able to transfer without requalifying. Reasons for transfer may be:

- a. Medical reason or a need for an accessible unit because of a Reasonable Accommodation due to the disability of a household member;
- b. If the household member needing the accessible features moves out of the accessible apartment, then the remaining household members will be required to move to a non-accessible unit; or
- c. If no household member needs the accessible features of their current apartment and the accessible apartment is needed by a household with person(s) with disabilities.
- d. VAWA Emergency Transfers (VET)

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested. Residents, without disabilities, currently residing in an accessible apartment will be given a 30-day notice to transfer to a non-accessible apartment as agreed to using IR-220. Residents may be required to transfer in any situation which may arise that is due to reasons beyond anyone's control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

NOTE: Current residents that have been required to transfer due to reasons beyond anyone's control, (noted in previous paragraph) will be given priority over applicants.

NOTE: Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member's disability, then the owner must pay the costs of moving the resident's belongings, unless doing so would be an undue financial and administrative burden.

NOTE: Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for "decent, safe and sanitary care of apartment that have not been "cured", unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.



EXHIBIT G
OCCUPANCY AND TENANT SELECTION PLAN
Kuhio Park Low Rises and Homes Phase 1 (KPLR)

- a. Residents, with disabilities, currently residing in a non-accessible apartment, and need accessible features will be given first priority for an apartment with accessible features over other residents and applicants.
- b. VAWA Emergency Transfers (VET) will receive second priority

MMA allows survivors of domestic violence, sexual assault, dating violence, and stalking to transfer to another available dwelling unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of this site to honor such request for tenants may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether this site has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy. This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that this site is in compliance with VAWA. A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan and tenants who are not in good standing may still request an emergency transfer, if they meet the eligibility requirements.

1. To request an emergency transfer, the tenant shall notify the management office by completing HUD-5382 Certification of Domestic Violence, Sexual Assault or Stalking and submit a written request for a transfer to the Rental Office using IR-209 A Emergency Transfer Form.
2. MMA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant's written request for an emergency transfer should include either: A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under this site's program; OR
3. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant's request for an emergency transfer.
4. MMA will follow all reasonable confidentiality measures to help protect the new dwelling unit's identification and location from the perpetrator of the violence or assault.

NOTE: There is no VAWA preference for new admissions.

17. REOCCUPANCY

A relocation consultant will assist MMA with giving priority to residents (who comply with all requirements above) and who were relocated from KPLR. In addition, non-profits will assist the relocation consultant and MMA with the return of residents previously relocated.

18. PET POLICY

Residents may keep common household pets in their apartment. Before bringing a pet to their apartment, an applicant or resident must complete the Pet Application, sign the Pet Addendum, and pay the Pet Deposit. Copies of the pet policy and pet lease addendum will be given to the applicant and/or the resident upon their request.

EXHIBIT H

RESERVED.

EXHIBIT I

RESERVED.

EXHIBIT J

PERFORMANCE AND COMPLETION GUARANTY

[Attached]

PERFORMANCE AND COMPLETION GUARANTY
(Kuhio Park Terrace Low-Rise Phase 1)

This **PERFORMANCE AND COMPLETION GUARANTY** (this “**Guaranty**”) is entered into as of _____, 2025, by **HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company (“**Guarantor**”), for the benefit of **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawaii (“**HPHA**”).

RECITALS:

A. **HCDC KUHIO PARK 1, LLC**, a Hawaii limited partnership, (the “**Tenant**”) has entered into that certain HPHA Ground Lease Agreement for Kuhio Park Low Rises and Homes Phase 1 with the HPHA dated as of substantially even date herewith (the “**Ground Lease**”), which obligates the Tenant to, among other things, complete construction of a 304-unit affordable housing development.

B. As a condition to entering into the Ground Lease, HPHA requires that Guarantor execute this Guaranty.

C. Guarantor will directly or indirectly derive a material financial benefit from the Tenant entering into the Ground Lease.

NOW, THEREFORE, in order to induce HPHA to enter into the Ground Lease, and in consideration thereof, Guarantor agrees as follows:

1. **Defined Terms**. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Ground Lease.

2. **Scope of Guaranty**. Guarantor represents to HPHA that Guarantor has a direct or indirect ownership interest in Tenant and/or will otherwise derive a material financial benefit from the Tenant entering into the Ground Lease. Guarantor hereby does jointly, severally and unconditionally guaranty to HPHA the following (collectively, the “**Guaranteed Obligations**”):

(a) that Tenant will complete the Improvements in accordance with the Plans and Specifications;

(b) that in the event that the sum of the proceeds of the loans secured by the Leasehold Mortgagees available for disbursement, the equity contributions available for disbursement from the Tax Credit Investor, and the net cash flow available from the Premises are, or at any time become, in the judgment of the HPHA, insufficient to pay all costs for the completion of the Improvements, then the Tenant will pay such costs;

(c) that Tenant will pay and discharge, or otherwise release, all mechanic’s and materialmen’s liens or claims therefor imposed or alleged against the Premises to the end that there shall be no mechanic’s, materialmen’s or other like liens or claims outstanding against the Premises;

(d) that Tenant shall cause the construction of the Improvements at all times to comply with all applicable existing building, zoning, use and environmental protection laws and ordinances as may be necessary to enable the use and occupancy of the Premises for its intended purposes

3. If Tenant shall fail to duly and punctually perform and observe any of the Guaranteed Obligations, then upon written demand by the HPHA or its designee, Guarantor forthwith will itself, at its own expense, do, promptly perform and observe such Guaranteed Obligations provided, however, (a) to the extent that the Guarantor's ability to continue and complete construction of the Improvements is impacted by the _____ (the "**Construction Lender**") failure to advance funds to the Guarantor under the Tenant's loan agreement with the Construction Lender, the HPHA agrees to delay enforcement of this Guaranty for up to 180 days to allow the Guarantor to obtain replacement financing, and (b) obligations imposed on the Guarantor under this Guaranty are limited to the extent that Guarantor certifies to HPHA, and HPHA confirms the basis for such certification (such confirmation not to be unreasonably withheld, conditioned or delayed), that the cost to complete the Improvements, when combined with financing costs and the construction costs (including all costs incurred as of the date of such determination and the projected costs to complete the Improvements) (collectively, "**Total Construction Costs**"), exceeds one hundred and twenty percent (125%) of the budget approved by HPHA, Leasehold Mortgagees, and the Tax Credit Investor at Closing (the "**Guaranty Limit**"). If the Guaranty Limit is reached this Guaranty shall terminate in accordance with Section 16 of this Guaranty.

4. In the case of any payment to be made by Guarantor, such payment shall be made within five (5) days following written demand therefor, and any amounts not paid within such time shall accrue interest at the long term applicable federal rate from the earlier of the date of demand therefor or such other date as may be provided under the Ground Lease.

5. **[Reserved]**

6. **Guaranty of Payment and Performance.** Guarantor's obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor.

7. **Unconditional Guaranty.** The obligations of Guarantor under this Guaranty shall be performed without demand by HPHA and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Ground Lease, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other

rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, presentment, demand for payment, protest, all notices with respect to this Guaranty which may be required by statute, rule of law or otherwise to preserve HPHA's rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Ground Lease, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Tenant of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require HPHA to (a) proceed against the Tenant or any other guarantor of Tenant's payment or performance with respect to the Indebtedness (an "**Other Guarantor**"), (b) if the Tenant or any Other Guarantor is a partnership, proceed against any general partner of the Tenant or the Other Guarantor, or (c) pursue any other remedy it may now or hereafter have against the Tenant, or, if the Tenant is a partnership, any general partner of Tenant. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Ground Lease, (b) any defense that HPHA has waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (c) any other event or circumstance that may constitute a defense of Guarantor to payment of the Guaranteed Obligations.

8. **Joint and Several Liability.** If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. HPHA, in its sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as HPHA may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of HPHA to collect from Guarantor any amount guaranteed by Guarantor under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

9. **[Reserved]**

10. **[Reserved]**

11. **Preference.** If any payment by the Tenant is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason HPHA is required to refund any sums to Guarantor, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of HPHA and Guarantor that Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

12. **Reinstatement.** If at any time any payment of any amounts due under this Guaranty is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy

or reorganization of Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

13. Guarantor's Financial Condition.

(a) Guarantor hereby represents and warrants to HPHA that as of the date hereof and throughout the term of this Guaranty, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities and debts (excluding contingent liabilities), and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of this Guaranty, except for the payment of employee salaries and benefits, distributions and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, which, when taken in the aggregate are on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

(b) Guarantor hereby represents and warrants to HPHA that all financial statements and other financial data previously delivered to HPHA in connection with this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to HPHA that, except as previously disclosed to HPHA in writing, no material adverse change has occurred as of the date hereof in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to HPHA in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor's obligations under this Guaranty.

(c) Guarantor shall furnish or cause to be furnished to HPHA: as soon as available and in any event within one hundred eighty (180) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to HPHA in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Notwithstanding the foregoing, the financial statements of any individual Guarantor, if any, are not required to be audited by an independent certified public accountant.

(d) Guarantor shall from time to time, upon written request by HPHA, deliver to HPHA Lender such other financial statements as HPHA may reasonably require.

14. **Marital and Residency Status.** N/A

15. **Financial Covenants.** N/A

16. **Term of Guaranty.** Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), this Guaranty shall automatically terminate on the earlier to occur of (a) the Completion Date or (b) date the Guarantor provides a certification to the HPHA that Total Construction Costs exceed the Guaranty Limit, and HPHA has confirmed the basis for such certification (such confirmation not to be unreasonably conditioned, withheld or delayed) or (c) termination of the Ground Lease.

17. **Determinations by HPHA.** Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of HPHA may be given or is required, or where any determination, judgment or decision is to be rendered by HPHA under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by HPHA, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

18. **Governing Law.** This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

19. **Consent to Jurisdiction and Venue.** Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit HPHA's right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor's assets in any court of any other jurisdiction.

20. **Successors and Assigns.** This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the HPHA and its respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any HPHA, at its option, may assign its respective rights and interests under this Guaranty and the Ground Lease in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the Ground Lease shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining HPHA's prior written consent.

21. **Severability.** The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

22. **Expenses.** Guarantor shall pay to HPHA, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys' fees (including reasonable time charges of attorneys who may be employees of HPHA), which HPHA may incur in connection with (a) the exercise or enforcement of any of its rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to HPHA any such expenses, interest on such expenses computed at the long term applicable federal rate of interest.

23. **Remedies Cumulative.** In the event of Guarantor's default under this Guaranty, HPHA may exercise all or any one or more of its rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent HPHA from exercising any other right or remedy available to HPHA. HPHA may exercise any such remedies from time to time as often as may be deemed necessary by HPHA.

24. **No Agency or Partnership.** Nothing contained in this Guaranty shall constitute HPHA as a joint venturer, partner or agent of Guarantor, or render HPHA liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

25. **Entire Agreement; Amendment and Waiver.** This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received a copy of the Ground Lease. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

26. **Further Assurances.** Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that HPHA may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable HPHA to exercise and enforce its rights and remedies under this Guaranty.

27. **Notices; Change of Guarantor's Address.** All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested, or by Federal Express or other receipted courier service, or hand delivered, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service or hand delivery shall be deemed to have been given

and received upon delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

If to Guarantor:

Highridge Costa Development Company, LLC
330 W. Victoria Street
Gardena, California 90248
Attn: Mohannad H. Mohanna

With a copy to:

Settle Meyer Law LLLC
900 Fort Street Mall, Suite 1800
Honolulu, Hawaii 96813
Attn: Scott W. Settle, Esq.

If to HPHA:

Hawaii Public Housing Authority
1002 N. School St.
P.O. Box 17907
Honolulu, Hawai'i 96817
Attn: Executive Director

With a copy to:

Department of the Attorney
General, State of Hawai'i
425 Queen Street
Honolulu, Hawai'i 96813
Attn: Deputy Attorney General

28. **Counterparts.** To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

29. **Captions.** The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

30. **[Reserved]**

31. **[Reserved]**

32. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND HPHA (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

33. **Time of the Essence.** Time is of the essence with respect to this Guaranty.

34. **Limitation on Recourse.** All obligations of Guarantor under this Guaranty shall be recourse obligations of such Guarantor only, payable solely and only from the assets of the Guarantor. No member, manager, shareholder, owner, trust, director, officer, agent, employee, attorney or consultant of Guarantor, including any person executing this Guaranty on behalf of

Guarantor, shall be liable personally under this Guaranty.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Performance and Completion Guaranty or caused this Performance and Completion Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above.

GUARANTOR:

**HIGHRIDGE COSTA DEVELOPMENT
COMPANY, LLC**, a Delaware limited liability
company

By: _____
Mohannad H. Mohanna
Its President

EXHIBIT K

RESERVED.

EXHIBIT L

ENVIRONMENTAL MEASURES

[Attached]

EXHIBIT L - ENVIRONMENTAL MEASURES

Mitigation Measures and Conditions

Summarized below are mitigation measures adopted to reduce, avoid or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance. These measures and conditions will be incorporated into project contracts, development agreements and other relevant documents.

Technical documents prepared for the proposed project and referenced here include:

- Air Quality and Greenhouse Gas Emissions Impact Study
- Archaeological Inventory Survey
- Archaeological Monitoring Plan
- Architectural Reconnaissance Level Survey
- Biological Survey Report
- Ethnographic Study
- Memorandum of Agreement
- Noise and Vibration Study
- Phase I Environmental Site Assessment
- Environmental Hazard Evaluation & Environmental Hazard Management Plan
- Preliminary Engineering Report
- Preliminary Geotechnical Study
- Relocation Resident Survey
- Traffic Impact Assessment Report

Technical documents to be completed for the proposed project include:

- Hazardous Materials Assessment Survey
- Construction – Environmental Hazard Management Plan
- Historic Context Study
- HHH documentation
- Possible Additional Geotechnical Field Exploration

EXHIBIT L - ENVIRONMENTAL MEASURES

Law, Authority, or Factor	Mitigation Measure or Condition	Mitigation Plan
Endangered Species Act	1. To avoid and minimize potential project impacts to Hawaiian hoary bats, the following measures will be implemented: - Woody plants greater than 15 feet in height will not be disturbed, removed, or trimmed during the bat birthing and pup rearing season (Jun. 1 through Sep. 15). - No barbed wire for fencing will be used. 2. To avoid and minimize potential project impacts to Hawaiian seabirds, the following measures will be implemented: - Nighttime construction will be avoided during the seabird fledgling season (Sep. 15 through Dec. 15). For night construction occurring during other times of the year, all lighting will be fully shielded and directed towards the ground. - All new outdoor lighting will be fully shielded so the bulb can only be seen from below. - All new outdoor lighting, with the exception of streetlights, will have automatic motion sensor switches and controls or be turned off when human activities are not occurring in the lighted area. 3. To avoid and minimize potential impacts to white terns, the following measures will be implemented: - Prior to tree trimming or removal, trees will be examined to determine if there are white terns nesting in them. - Branches will not be trimmed, nor will trees be removed, with nesting white terns. - No nesting tree or branch will be disturbed for at least 80 days from when the egg is laid.	Biological Survey Report

EXHIBIT L - ENVIRONMENTAL MEASURES

Vegetation / Wildlife (Introduction, Modification, Removal, Disruption, etc.)	1. To avoid and minimize potential project impacts to Hawaiian hoary bats, the following measures will be implemented: - Woody plants greater than 15 feet in height will not be disturbed, removed, or trimmed during the bat birthing and pup rearing season (Jun. 1 through Sep. 15). - No barbed wire for fencing will be used. 2. To avoid and minimize potential project impacts to Hawaiian seabirds, the following measures will be implemented: - Nighttime construction will be avoided during the seabird fledgling season (Sep. 15 through Dec. 15). For night construction occurring during other times of the year, all lighting will be fully shielded and directed towards the ground. - All new outdoor lighting will be fully shielded so the bulb can only be seen from below. - All new outdoor lighting, with the exception of streetlights, will have automatic motion sensor switches and controls or be turned off when human activities are not occurring in the lighted area. 3. To avoid and minimize potential impacts to white terns, the following measures will be implemented: - Prior to tree trimming or removal, trees will be examined to determine if there are white terns nesting in them. - Branches will not be trimmed, nor will trees be removed, with nesting white terns. - No nesting tree or branch will be disturbed for at least 80 days from when the egg is laid.	Biological Survey Report

EXHIBIT L - ENVIRONMENTAL MEASURES

Historic Preservation	I. HISTORIC DOCUMENTATION: The Developer will consult with the National Park Service (NPS) Historic American Buildings Survey (HABS), Historic American Engineering Record (HAER) and Historic American Landscapes Survey (HALS) (collectively "HHH") Coordinator as to the required type and level of HHH documentation and on the guidelines and protocols for HHH documentation submission. The Developer will allocate up to \$15,000 for production of HHH documentation; any monies from the \$15,000 that are not used for the HHH will be added to the Preservation fund (see item III). The Developer must receive NPS approval on the final submitted HHH documentation prior to the issuance of a certificate of occupancy. The NPS-approved HHH documentation will then be digitally submitted to SHPD and to other agencies and organizations for acceptance and retention in their permanent records. II. HISTORIC CONTEXT STUDY: The Developer will prepare a Historic Context Study of the Kalihi ahupuaa as it relates to Palena and the Kaluaopalena pohaku. The Historic Context Study shall be completed by an SOI qualified historian, in consultation with the Consulting Parties, within two (2) years of the approval of the MOA. The developer will allocate up to \$15,000 for the production of the Historic Context Study; any monies from the \$15,000 that are not used for the Historic Context Study will be added to the Preservation fund (see item III). III. PRESERVATION FUND: A Preservation Fund of \$15,000, plus any added funds remaining from items I and II, will be established to assist with funding of future Kalihi ahupuaa preservation-related activities. The Consulting Parties shall direct the expenditure of the funds in the Preservation Fund. The Preservation Fund shall be made available for four (4) years from the approval of the MOA, and all funded activities must be completed within six (6) years from approval of the MOA. IV. INTERPRETATION AND SIGNAGE: The Developer shall incorporate historical and cultural aspects of the Hawaiian and Kalihi ahupuaa culture and history through landscaping, architectural details, artwork, historical displays, signage, naming of structures, and/or other methods.	Archaeological Inventory Survey Archaeological Monitoring Plan Architectural Reconnaissance Level Survey Ethnographic Study Memorandum of Agreement Historic Context Study HHH documentation

EXHIBIT L - ENVIRONMENTAL MEASURES

	V. ARCHAEOLOGICAL MONITORING OF GROUND DISTURBING ACTIONS: Prior to commencement of construction of the Project, HPHA shall require Developer to prepare and submit to SHPD for its review and approval an Archaeological Monitoring Plan (AMP) meeting the requirements of Hawaii Administrative Rules (HAR) 13-279-4. VI. POST-REVIEW DISCOVERIES: If historic properties that may be historically significant are discovered during monitoring or unanticipated effects on historic properties are found during Project construction, the archaeological monitor will document the properties and provide notifications in accordance with the AMP. If inadvertent discovery of human remains occurs, Hawaii State burial law governing inadvertent discoveries of human skeletal remains (HRS 6E-43.6 and HAR 13-300-40) shall be followed to protect the remains. VII. MONITORING AND REPORTING: By the end of the first quarter in each year following the execution of this Agreement, until it expires or is terminated, HPHA shall require Developer to provide Signatory Parties and Concurring Party a summary written report detailing work undertaken with respect to the Project, scheduling changes proposed that may materially affect the overall timing or schedule of the Project, problems encountered including any adverse effect to Eligible Properties or other obligations hereunder. VIII. DURATION: If the terms of this Agreement have been fully implemented by twelve (12) years from the date of the execution of this Agreement, or HPHA's receipt of a certificate of occupancy for the final phase of the Project, this Agreement will terminate.	

EXHIBIT L - ENVIRONMENTAL MEASURES

Noise Abatement and Control	The following noise control measures would eliminate adverse effects related to construction activity: - The project applicant shall: obtain a noise permit associated with exceeding a noise level of 78 dBA Leq as discussed in the Noise Reference Manual Oahu Edition, and obtain a noise permit associated with exceeding the maximum permissible noise levels discussed in the Hawaii Administrative Rules (HAR). - The construction contractor shall: use specialty equipment with enclosed engines and/or high-performance mufflers; locate equipment and staging areas as far from noise-sensitive receivers as practicable; limit unnecessary idling of equipment; and install temporary noise barriers to enclose stationary noise sources, such as compressors, generators, laydown and staging areas, and other noisy equipment. - Prior to the commencement of construction activities, notification shall be provided to the on-site residential uses that discloses the construction schedule, including the various types of activities and equipment that would be occurring throughout the duration of the construction period. - A "noise disturbance coordinator" shall be established. The noise disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The noise disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are posted at the construction site shall list the telephone number for the noise disturbance coordinator. The following noise control measures would eliminate adverse effects related to stationary noise sources: - The project applicant shall require mechanical equipment (e.g., ventilation and air conditioning systems) to be enclosed such that noise levels do not exceed the maximum permissible noise levels listed in the HAR.	Noise and Vibration Study

EXHIBIT L - ENVIRONMENTAL MEASURES

Hazards and Nuisances including Site Safety and Site-Generated Noise	The following noise control measures would eliminate adverse effects related to construction activity: - The project applicant shall: obtain a noise permit associated with exceeding a noise level of 78 dBA Leq as discussed in the Noise Reference Manual Oahu Edition, and obtain a noise permit associated with exceeding the maximum permissible noise levels discussed in the Hawaii Administrative Rules (HAR). - The construction contractor shall: use specialty equipment with enclosed engines and/or high-performance mufflers; locate equipment and staging areas as far from noise-sensitive receivers as practicable; limit unnecessary idling of equipment; and install temporary noise barriers to enclose stationary noise sources, such as compressors, generators, laydown and staging areas, and other noisy equipment. - Prior to the commencement of construction activities, notification shall be provided to the on-site residential uses that discloses the construction schedule, including the various types of activities and equipment that would be occurring throughout the duration of the construction period. - A "noise disturbance coordinator" shall be established. The noise disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The noise disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are posted at the construction site shall list the telephone number for the noise disturbance coordinator. The following noise control measures would eliminate adverse effects related to stationary noise sources: - The project applicant shall require mechanical equipment (e.g., ventilation and air conditioning systems) to be enclosed such that noise levels do not exceed the maximum permissible noise levels listed in the HAR.	Noise and Vibration Study

EXHIBIT L - ENVIRONMENTAL MEASURES

Transportation and Accessibility (Access and Capacity)	1. Maintain the current two access points (at Kamehameha IV Road and North School Street) into the Kuhio Park project site for vehicular access into the site. From the TIAR analysis, the intersections that include these access points should be able to handle the additional vehicular volume during the peak hour periods. 2. Maintain the Ahonui Street closure between Kuhio Park and the adjacent development for vehicular traffic, as the existing access points on North School Street and Kamehameha IV Road are projected to acceptably accommodate the added redevelopment traffic. Avoiding increasing traffic volumes at the unsignalized North School Street/Ahonui Street intersection would be desirable to minimize increase in delays for vehicles currently using this intersection and minimizing additional turning movement traffic at an intersection closely spaced to both the Kamehameha IV and the Hauiki/Linapuni intersections. 3. Consider setting the internal speed limit within the Project Site to 15 mph, in order to enhance the safety of the pedestrians and bicyclists within the Project Site. 4. Consider providing improved pedestrian facilities such as sidewalks and raised crosswalks (wherever practical and feasible) within the Project boundaries to increase connectivity, facilitate circulation, and create a strong pedestrian environment. Pedestrian facilities should be made accessible in conformance with the Americans with Disabilities Act (ADA). 5. Retain the existing pedestrian and bicycle access to Owene Lane in order to maintain this access to Kamehameha IV Road. 6. Ensure that the Project's pedestrian improvements comply with the Oahu Pedestrian Plan and are consistent with the City and County of Honolulu's planned Safe Routes to School Kamehameha IV Road Improvements project. 7. If any transit modifications are pursued for the Project Site, consult with the City and County of Honolulu Department of Transportation Services (DTS). 8. Consider implementing travel demand management (TDM) actions, such as the provision of bus passes to those demonstrating a need, either by the landlord or through a participating nonprofit service provider, to encourage transit use. 9. Consider providing improved bicycle facilities within the Project boundaries including designated and secured bicycle parking and enhanced bicycle routes to encourage the use of alternate modes of transportation. For other potential strategies such as the implementation of bike share stations in the vicinity	Traffic Impact Assessment Report

EXHIBIT L - ENVIRONMENTAL MEASURES

	and bike share passes to residents, it would require discussions with the appropriate organizations if that were desired. 10. Consider combining parking management with bus pass programs and pedestrian and bicycle facility improvements to promote alternative modes of transportation and reduce parking demand.	
Onsite Soil Impacts from Lead and Pesticides	Development of a work plan (with HDOH approval) and a construction EHMP for future construction and renovation that will involve excavation of impacted soil at the subject property. Development of an EHMP following construction/renovation activities to monitor the impacted soil over time.	Phase I Environmental Site Assessment Environmental Hazard Evaluation & Environmental Hazard Management Plan Construction – Environmental Hazard Management Plan
Onsite Suspect Polychlorinated Biphenyl (PCB) Transformers	If the transformers will be impacted during future renovation/demolition activities, Hawaiian Electric should be contacted to have them decommission, test, and remove the transformers, and conduct an investigation to assess potential environmental impacts to the subject property.	Phase I Environmental Site Assessment Confirmed by letter (dated August 27, 2027) and by email (dated March 8, 2024) that transformer vault #1056 with unknown PCB status is not located or connected to Phase I project area.

EXHIBIT L - ENVIRONMENTAL MEASURES

Onsite Suspect Asbestos-Containing Materials (ACM)	Prior to any activities (i.e., repair, renovation, demolition) which may disturb suspect ACM, these and similar materials should be sampled and analyzed for possible asbestos content. If the materials are found to contain asbestos, the building owner or leased space tenant may be required to comply with applicable United States Environmental Protection Agency (USEPA), Occupational Safety and Health Administration (OSHA), National Emission Standards for Hazardous Air Pollutants (NESHAPS), and state and local regulations.	Phase I Environmental Site Assessment Hazardous Materials Assessment Survey
Onsite Suspect Lead-Based Paint (LBP)	Sampling of the paints on the apartment buildings be conducted to determine the presence or absence of LBP prior to renovation or demolition activities that may disturb painted surfaces. If the paints are found to contain lead, the building owner or leased space tenant may be required to comply with applicable federal, state, and local regulations.	Phase I Environmental Site Assessment Hazardous Materials Assessment Survey

EXHIBIT M

RELOCATION PLAN

[Attached]

KŪHIŌ PARK TERRACE LOW-RISES & KŪHIŌ HOMES

RESIDENT RELOCATION PLAN

PHASE 1

Revised October 2024

Del Richardson & Associates, Inc. for
The Michaels Organization

NOTE: DRA rebranded to Seneca Real Estate Services ("SRS") in 2024



[This page was intentionally left blank]

Table of Contents

RELOCATION FIRM INTRODUCTION	2
Staffing	2
Relocation Responsibilities of HPHA, TMO and DRA	3
Nondiscrimination and Equal Housing Commitment.....	4
PROJECT DESCRIPTION	5
Enhanced Resident Opportunity/Voluntary Right to Return Assurance	7
Project Timeline	9
IMPACTED HOUSEHOLDS	10
Resident Survey Results	10
Employment	10
Minors Enrolled in K-12 Schools.....	11
Reasonable Accommodation Requests.....	11
Residents Over 65 Years of Age	11
Households with Pets.....	12
Over housed / Underhoused Households.....	12
Public Transit.....	13
Limited English Proficiency Households (LEP).....	13
Unresponsive Households.....	13
New Households	14
Resident Accountability	14
MOST SIGNIFICANT RELOCATION ISSUES	15
CHRONOLOGICAL DESCRIPTION OF THE FAMILY'S RELOCATION PROCESS.....	16
Definitions	16
Relocation Process	17
Moving and Related Expenses	19
Confidentiality of Records.....	20
Appeals.....	21
Relocation Timeline.....	22
IMPACTED HOUSEHOLD RELOCATION PLAN	22
Methodology.....	22
1 st Option: TPV	24
1 st Option: TMO Property.....	25
1 st Option: HPHA Property	25
1 st Option: Onsite	25

2 nd Option	25
3 rd Option/4 th Option.....	26
CONCLUSION	27

PROJECT SUMMARY

On April 1, 2009, the Hawai'i Public Housing Authority (HPHA) issued a Request for Proposals to revitalize and redevelop Kūhiō Park Terrace and Kūhiō Homes and chose the development team of The Michaels Organization (TMO) and Vitus Group, Inc. to implement the plan. This marks a transformative initiative aimed at revitalizing an existing over 70 year-old, state-owned property into a new, affordable development, thereby enhancing the existing vibrant Kalihi-Palama communities complementary to the Kalihi Neighborhood Transit-Oriented Development (TOD) Plan. This redevelopment signifies a commitment to enhancing living conditions, fostering community engagement, and providing sustainable, affordable housing options for current and future residents. To ensure a smooth and successful resident relocation, TMO procured Del Richardson & Associates, Inc. (DRA), whose mission is to work collaboratively with Kūhiō Park Terrace Low-rises and Kūhiō Homes residents, emphasizing clear communication, unwavering dedication, and complete transparency throughout the relocation process. DRA's team specializes in large-scale, public housing relocation processes and possesses expertise in various critical areas.

The primary purpose of the Resident Relocation Plan is to make the relocation of Kūhiō Park Terrace Low-rises and Kūhiō Homes residents as easy and smooth as possible. To this end, the most important aspect of this Plan is the caring and detailed assistance that will be offered by DRA, who will provide direct assistance and counseling to the residents which includes, but is not limited to:

- Relocation counseling and personalized plans for each household;
- Consideration of school zoning for households with children enrolled in K-12 schools;
- Translation services for households with Limited English Proficiency (LEP)
- Assistance with reasonable accommodation requests; and
- One-on-one assistance with move planning and execution.

This Plan is intended to be used as a road map to assist the 60 vacating families by the deadline of January 31, 2025, to meet the Phase 1 demolition schedule. By leveraging innovative approaches, community engagement, and cross-sector partnerships.

RELOCATION FIRM INTRODUCTION

Founded in 1984 as Ladner, Albert Hall, and later rebranded as Del Richardson and Associates, Inc. (DRA) in 1990, our company officially became a California Corporation in 1998. DRA is a certified DBE/SBE/MBE/WBE/Micro-BS/LBE/Section 3 company with a national presence.

Our dedicated team of professional consultants collectively boasts over a century of experience, specializing in delivering high-quality residential relocation services, community engagement and outreach, housing location, and specialized case management services. We proudly serve a diverse clientele, including public, private, and non-profit organizations.

Headquartered in Southern California, our team of 21 experienced professionals operate from our offices in Inglewood and Los Angeles, CA and Houston, TX. For this effort, DRA will establish a locally staffed office on the Kūhiō Park Terrace site. Over the years, DRA has earned a reputation for success in tackling challenging projects situated in communities with diverse socio-economic backgrounds.

DRA has gained recognition for its ability to streamline processes and reduce trial and error. We consistently blend innovative techniques with practical experience. This approach can make all the difference for households in ensuring their successful and timely relocation.

At DRA, we pride ourselves on our commitment to excellence, innovation, and problem-solving, enabling us to meet the unique challenges posed by each project we undertake.

Staffing

DRA adopts a hands-on approach to project management services, ensuring the successful implementation and completion of relocation of residents. DRA will appoint a Relocation Project Manager to implement each detailed Resident Relocation Plan and to coordinate with different entities, so the relocation effort is smooth and as easy as possible on the residents. DRA's scope of work includes, but is not limited to:

- Household counseling, reasonable accommodation and translation services;
- Meeting documentation and regulatory requirements to make any eligible reimbursements and/or payments to residents;
- Preparing for the approval of HPHA, all relocation plans, notices, and documents as may be required by the U.S. Department of Housing and Urban Development (HUD) or by any other Relocation Laws.
- Procurement of and payment for moving company services and supplies if necessary; and

- Ensuring the Plan meets local, state, and federal regulations and other requirements including Public Housing, Property Management, Tenant Protection Housing Choice Vouchers (TPV), and Inspections.

Other key staff members include an experienced Relocation Specialist who will work closely with the residents to implement individual relocation plans, monitor implementation of these plans, and provide the assistance needed to minimize the burdens of relocating as much as possible. This effort will include personally updating the resident's relocation needs, and then preparation and delivery of the Letter of Relocation Eligibility, 90-Day Notice, and 30-Day Notice to Move that will have information concerning relocation options. More details concerning the responsibilities of the Relocation Specialist are in the Chronological Description of the Family's Relocation Process section of this Plan.

In addition to our experienced staff, we are committed to enhancing our team with local hires who possess a deep understanding of the island's culture, community dynamics, and nuances. Cultural sensitivity and a deep understanding of the local community are at the heart of our approach. We recognize that successful relocation goes beyond regulatory expertise; it requires a genuine connection with the people and culture of the community. To achieve this, we are dedicated to hiring a local individual(s) who can serve as liaison between the project and the residents. This team member will not only offer their expertise but also a profound knowledge of the island's unique characteristics, helping to bridge any cultural gaps and fostering trust within the community. Our commitment to building a diverse and culturally attuned team reflects our dedication to ensuring a relocation process that is respectful, empathetic, and responsive to the needs of the residents.

Relocation Responsibilities of HPHA, TMO and DRA

HPHA is responsible for ensuring all relocation activities conducted under this Relocation Plan comply with all federal, state and local laws, including its own Administrative Rules, Admissions and Continued Occupancy Policy (ACOP) and grievance procedures.

TMO is responsible for preparing and implementing the Relocation Plan, subject to approval by HPHA. The Plan must comply with all applicable federal, state, and local laws, including HUD requirements and other relocation laws. TMO must also develop resident occupancy and re-occupancy policies, including any work preferences and screening policies, subject to review and approval by HPHA.

DRA is a relocation consultant hired by TMO to implement the Relocation Plan and to assist each household with counseling, translation, locating comparable units, reasonable accommodation and moving.

Nondiscrimination and Equal Housing Commitment

All parties involved in planning and implementing this Relocation Plan will comply with the Fair Housing, Equal Housing Opportunities, and civil rights requirements. All parties will not discriminate against any person or family because of race, color, sex, religion, creed, national origin, age, familial status, disability/handicap, actual or perceived sexual orientation, gender identity, marital status, HIV status or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, or engage in retaliation for having filed a discrimination complaint in the performance of its obligations during any phase of the relocation process. Reasonable accommodation will be provided for people with disabilities as needed. All parties will comply with the Equal Access Rule per HUD PIH Notice 2014-20 Program Eligibility Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD's Equal Access Rule.

PROJECT DESCRIPTION

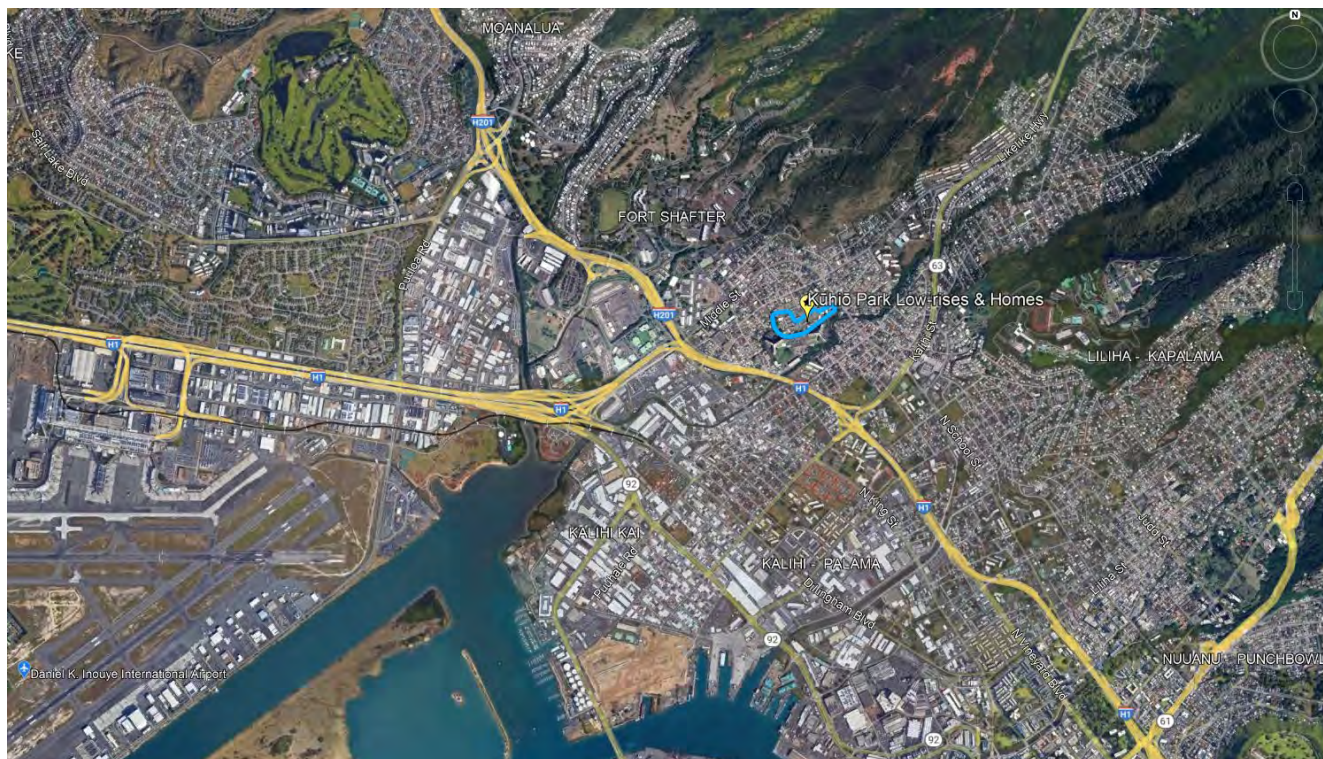


Figure 1: Vicinity Map

The Kūhiō Park Terrace Low-Rises and Kūhiō Homes, constructed in 1965 and 1953, respectively, are located adjacent to one another, along Linapuni and Ahonui Streets and contain a total of one hundred seventy-four (174) units of federally subsidized low-income public housing. The Kūhiō Park Terrace Low-Rises consists of forty (40) four-bedroom residential units, contained in one- and two-story buildings situated on 2.998 acres. Running along the north side of Linapuni Street, Kūhiō Homes is located on 3.470 acres adjacent to and just north of the Kūhiō Park Terrace Low-Rises. Kūhiō Homes consists of one hundred thirty-four (134) units contained in twenty-one (21) one- and two-story townhouse buildings, ranging from one-bedroom to five-bedrooms.

The Kūhiō Park Terrace Low Rises & Kūhiō Homes Project (“KPLR” or the “Project”) is a vital component of the public housing portfolio of the Hawai‘i Public Housing Authority (HPHA). The redevelopment plan supports the overall public housing revitalization plan for HPHA while catalyzing the transformation of the greater Kalihi Palama area in Honolulu, Hawai‘i.

HPHA, in partnership with TMO, aims to enhance housing conditions for current residents but also seeks to fundamentally transform the site into a new, affordable housing development that will reinvigorate the community and provide new additional housing opportunities. All new units within the



and TMO with confirmation of residents' interest in returning to the site after construction is completed.

Enhanced Resident Opportunity/Voluntary Right to Return Assurance

HPHA is redeveloping the Kūhiō Homes and Kūhiō Park Terrace Low-rise public housing developments in phases. The redevelopment plan calls for (a) the demolition of the current buildings so that new affordable housing can be built to contemporary needs and standards, (b) one-for-one replacement of the public housing units with equivalent deeply subsidized units, and (c) the disposition of the site (in phases) to allow HPHA's development partner, TMO, to finance and construct the new affordable housing. The rehabilitation of Kūhiō Park Terrace towers in 2011 was the first phase of the redevelopment plan being implemented by TMO. The chart below shows the status of the one-for-one replacement of the public housing units:

Kūhiō Park Towers	347 units
KPLR Phase I	60 units
Total Remaining to be Replaced in Phase II & III	341 units

The disposition of the Site must be approved by HUD as required by Section 18 of the Housing Act of 1937, as amended ("Section 18"). The demolition activities will require residents to move from the Site. HPHA will provide permanent replacement housing and pay moving expenses for all displaced residents as required by Section 18 and the implementing regulations at 24 CFR 970. In addition, HPHA has determined as a matter of policy that residents displaced by the disposition and demolition activities, will have a right to return to the redeveloped Site if they (a) were lease-compliant at the time they moved out, (b) remain lease-compliant in their replacement housing, and (c) are income and otherwise eligible for the newly developed units. There will be very few market-rate units developed on the Site, which means that residents may not be able to return if their income exceeds the limits for public housing, Project Based Vouchers, or Low Income Housing Tax Credits.

Displaced residents who meet the above criteria will be given a preference to occupy units at the redeveloped Site before units are made available to any other eligible households. However, depending on the unit mix for a phase, a resident may not be able to return to the exact geographic location of their former unit. They may need to wait for a later phase to return to the Site. The right to return preference remains available until the initial lease-up of the entire redevelopment is complete and is retained even though residents received comparable replacement housing when they moved from the Site. While residents have the right to return, they are not required to do so.

Displaced residents may choose to keep the tenant-based Tenant Protection Housing Choice Voucher assistance they received when they moved from the Site, or remain in the public housing unit to which they transferred, or stay in the TMO property they selected when they left the Site. The right to return preference does require that households who were underhoused (their unit was too small for their household) or overhoused (their unit was too big for their household) will need to “right-size” to a unit that complies with HPHA Occupancy Standards when they return. If a former resident chooses to return, moving costs will be provided.

TMO will create a method to allow displaced residents to update their contact information on the KPLR redevelopment website found at www.kuhiopark.com so that they can be contacted when lease-up begins for a completed phase at the new development. In addition, HPHA and TMO will post notices on their respective websites announcing the commencement of lease-up of a phase and reminding displaced residents of their right to return. Reasonable accommodations will be made for persons with disabilities and language assistance will be made available for persons with limited English proficiency so they can fully participate in the right to return process.

TMO and HPHA will continue to have regular meetings with residents to keep them up to date on the status of the redevelopment efforts.



Figure 3: Proposed Phase 1 Construction

Project Timeline

The following is the estimated Phase I timeline. The estimated schedule for activities is based on a 90-Day Notice issued on September 20, 2024.

1st – 2nd Quarter 2024	■ Based on requirements for recordkeeping, the Relocation Specialist will prepare a hardcopy and electronic file in which the pertinent documents pertaining to the move will be maintained. This documentation will also include notes about important communications between the household and anyone involved in the process. ■ The Relocation Team will prepare a draft of an individual relocation strategy for each family. This strategy will include approximately three comparable potential relocation units and / or specific HCV landlords or assisted housing complexes based on the resident's preferences made during the latest individual resident meetings held in March 2024. ■ The individual relocation strategy will also include a list of the features in the resident's current unit so that the comparability of relocation units can easily be made. The actual bedroom size of the current unit may be different than the relocation unit if the household is over housed or under housed.
3rd Quarter 2024	■ The Relocation Team will present the draft individual strategy and 90-Day Move Notice to the family during a one-on-one meeting with the family. Any reasonable changes can then be made. The Relocation Specialist will have the resident sign the 90-Day Move Notice and a copy for HPHA/TMO/DRA. If the family does not agree with the eligible bedroom size or requires a reasonable accommodation, they will need to provide a request to the Relocation Team for consultation with the HPHA. ■ The Relocation Team will accommodate where residents may opt to voluntarily relocate earlier than the date set in the 90 Day Notice. ■ The Relocation Specialist will assist the tenant with Public Housing transfer or TPV move. ■ The Relocation Team will prepare the 30-day Move Notice.
4th Quarter 2024	■ Relocation will commence for remaining impacted households ■ The Relocation Specialist will monitor the move process and help to document or resolve any issues. ■ The Relocation Specialist will coordinate to pay or reimburse for items such as the security deposit, utility downpayments, hook – up expenses for landline, internet, utilities, and other expenses. The Relocation Specialist will assist the family to complete and submit a Request for Reimbursement of these expenses, when applicable.
1st Quarter 2025	■ Resident relocation will be completed, and resident files audited and submitted to TMO/HPHA, with current target of no later than January 31, 2025.

The above is an estimated timeline that may be subject to change.

IMPACTED HOUSEHOLDS

Resident Survey Results

DRA was on site at Kūhiō Park Terrace Low-rises and Kūhiō Homes from March 18 - 22, 2024 to conduct one-on-one resident interviews to update surveys of impacted households for Phase 1. DRA also completed 9 interviews over the phone during the following weeks of outreach for a total of 58 completed interviews at the time this plan was drafted.

 21 Employed HOH	 13 Households with Pets
 32 Households with Minors Enrolled in K-12	 10 Families Over Housed/ 2 Families Under Housed
 26 Households Request Accommodations	 28 Households Use Public Transportation
 16 Households with Residents Over 65	 10 Households Require Interpreters

Employment

Out of the 58 households surveyed, twenty-one (21) are led by an employed head of household. With these households contributing to the workforce, qualifying for voucher programs is anticipated to be a smoother process. Furthermore, DRA will be considering the work locations of these households when assisting with relocation plans. This attention to detail ensures that the transition is not only feasible, but also minimizes disruptions to their employment.

Minors Enrolled in K-12 Schools

Within Phase 1, thirty-two (32) households are home to minors enrolled in K-12 schools, underscoring the importance of considering educational continuity amidst relocation. By collaborating with Rochelle Mahoe, the superintendent of the Farrington-Kaiser-Kalani complex schools, DRA is committed to assessing and monitoring how the relocation process will impact student enrollment. An overwhelming 80% of families have expressed a desire for their child(ren) to remain at their current school, prompting DRA to prioritize these requests diligently. However, it's essential to recognize that while every effort will be made to accommodate these preferences, there is no guarantee of placement within their child's current school zone. This approach seeks to balance the educational stability of Kūhiō Park Terrace Low-rises and Kūhiō Homes youth with the logistical realities of relocation, ensuring their best interests are at the forefront of decision-making.

Reasonable Accommodation Requests

In response to the diverse needs within Kūhiō Park Terrace Low-rises and Kūhiō Homes, 26 households have requested a reasonable accommodation, highlighting the importance of ensuring modifications or adjustments to enable individuals with disabilities equal access to safe housing opportunities. Of the 26 households, 8 households requested a fully accessible unit due to disability. Recognizing the significance of these requests, DRA is committed to working closely with residents to navigate the process of completing necessary documents from HPHA for reasonable accommodation and accessibility. By facilitating this collaboration, the DRA aims to uphold the principles of inclusivity and fairness, fostering a supportive environment where every member experiencing relocation is moved to an accommodating unit for their family's health and safety. All requirements of Section 504 of the Rehabilitation Act of 1973 and applicable regulations in 24 CFR Part 8 will be followed throughout the relocation process.

The resident has the right to waive their reasonable accommodation at any point of time in favor of a unit they desire that does not meet their accommodation request.

Residents Over 65 Years of Age

With sixteen (16) households consisting of residents over the age of 65, DRA recognizes the unique challenges associated with relocating elderly individuals who have called Kūhiō Park Terrace Low-rise and Kūhiō Homes their home. Understanding the profound impact of involuntary relocation on the elderly, DRA is committed to working closely with residents and their families, providing support and advocacy throughout the process. Recognizing that finding suitable units to meet the physical needs

of these residents may pose a challenge, the DRA Team is initiating an early search to maximize the potential of securing ADA-compliant units or units that align with the residents' location criteria, such as proximity to family, places of worship, healthcare providers, and social connections. By prioritizing the well-being and comfort of elderly residents, DRA aims to facilitate a smooth transition while ensuring their needs and preferences are met with compassion and respect.

Households with Pets

The HPHA pet policy permits residents to have pets, but is subject to certain conditions and regulations. Typically, residents are allowed to have small domestic pets, such as cats and dogs, but they must adhere to specific guidelines outlined by HPHA. However, it's essential to note that specific details of HPHA's pet policy may vary depending on the housing development and individual circumstances. Thirteen (13) households in Phase 1 have a pet or pets. DRA will work on identifying service animals or emotional support animals through appropriate documentation. Additionally, the search for suitable affordable housing units must prioritize pet-friendly options, ensuring that families can remain together with their pet. However, it's important to note that pet deposits for previously approved pets will be reimbursed by HPHA, as required by the resident's existing lease agreement, for those that choose an option other than public housing. For households relocating with a previously approved pet, they may be provided up to \$350 to cover any new pet deposits. The commitment to finding housing solutions that accommodate both residents and their pets remains a priority.

Over housed / Underhoused Households

"Over housed" refers to a situation in which a household or individual occupies housing accommodations that are larger or more extensive than what is considered necessary or appropriate for their needs. DRA has identified ten (10) households as over housed within Phase 1. These households will be right sized during relocation to a unit that complies with HPHA's occupancy standards to ensure housing affordability, resource allocation, and the efficient use of available housing stock.

Additionally, two (2) households have been identified as "underhoused", and DRA will work with the identified households to ensure they are right sized during relocation to the appropriate sized unit.

Public Transit

With 28 households relying on public transportation, ensuring continued access to transit is paramount in our relocation efforts. DRA is committed to locating replacement housing in proximity to transit stops, recognizing the importance of maintaining this essential link to transportation networks. Additionally, our approach prioritizes locating housing near family, places of worship, healthcare providers, and social connections, fostering continuity and support for residents during the transition. Recognizing the diverse transit needs of each household, DRA will work individually with residents to address their specific transportation requirements. Furthermore, to facilitate the process, and for a reasonable number of visits, transportation will be provided by DRA for residents to view potential replacement units, ensuring informed decision-making and seamless transitions to new homes.

Limited English Proficiency Households (LEP)

DRA has identified ten (10) households in Phase 1 that are fully Limited English Proficiency (LEP) households where no members in the household speaks English. LEP pertains to individuals with constrained skills in reading, writing, speaking, or comprehending English. This presents hurdles across numerous facets of daily life, such as accessing vital services, comprehending instructions, or engaging in effective communication. DRA is committed to follow HPHA LEP policy and procedures by collaborating with local language translation services to offer document translation, over-the-phone assistance, and linguistic support during official resident meetings, guaranteeing that residents can grasp and participate in the relocation process in their native language. Pursuant to this Plan, LEP services will be provided until residents are fully relocated and settled.

Unresponsive Households

DRA collaborated with property management to reach all 60 families via phone 2 weeks prior to their scheduled site visit on March 18, 2024 to schedule a one-on-one resident survey meetings with each household. Additionally, DRA ensured that all residents were contacted to join the scheduled March 18, 2024, resident meetings at 10:00 AM and again at 6:00 PM. Five rounds of calls were made, including a robocall sent out in English, Chuukese, Samoan, and Tongan for limited English proficiency residents. Reminder text messages were sent out on March 10th and 13th 2024 to residents who did not respond to phone calls. Once onsite, DRA partnered with property management on March 22, 2024 to conduct home visits to all households that remained unresponsive. Those who did not respond received a notice from property management to contact DRA and additional calls and texts were made from April 1-12, 2024.

At the time of this report, 2 out of 60 households have not responded to DRAs resident survey request. Property management may conduct a home check to ensure the unit has not been abandoned and once confirmed the unit is still occupied, DRA will ensure all residents are engaged to plan for their relocation. DRA will proceed with reaching out to all households, and will capture all missing households at that time and/or provide a Voluntary Waiver of Relocation Benefits.

New Households

HPHA and the property management will not lease units or transfer residents into the Phase 1 Site after the date of the Demolition / Disposition Application submission as those families will not be eligible for relocation assistance.

Resident Accountability

The demo/disposition application approval and associated relocation does not relieve residents of complying with their leases or HPHA's right to enforce resident leases. If a resident is found to be out of compliance with their lease, HPHA may move forward with the eviction process in accordance with the lease and Chapter 17-2020, Hawaii Administrative Rules (HAR), Eviction – Practice and Procedure.

MOST SIGNIFICANT RELOCATION ISSUES

An analysis of the data obtained from the resident interviews suggests that the following items will require focused planning by TMO/HPHA/DRA:

- Thirty-two (32) households possess washing machines, and those wishing to retain them may encounter challenges in locating replacement housing units with washer hookups. Moreover, if households intend to return to the property, the newly constructed units will lack washer hookups. DRA will collaborate with residents to manage their expectations regarding the retention of their washing machines.
- Thirteen (13) households need a 4-bedroom unit, a size that poses challenges to find within the affordable housing market. Additional effort is required to ensure these families are suitably accommodated before the property vacancy deadline.
- The majority of parents express a desire to move to units within the vicinity served by their child(ren)'s current school. DRA will be tasked with identifying the service areas for each school catering to Phase 1 youth and supplying this information to HPHA/TMO. This data will inform the Farrington-Kaiser-Kalani Complex Superintendent about the potential impact on the district.

CHRONOLOGICAL DESCRIPTION OF THE FAMILY'S RELOCATION PROCESS

Definitions

- **Letter of Relocation Eligibility:** A letter to residents confirming their eligibility for relocation and replacement units.
- **Project-Based Voucher (PBV):** A form of rental assistance provided by the U.S. Department of Housing and Urban Development (HUD) that is attached to a specific housing unit rather than to a resident. Unlike tenant based Housing Choice Vouchers (HCVs), which provide rental assistance to eligible households, Project-Based Vouchers are tied to a particular properties or developments.
- **Public Housing:** Housing units and complexes that are owned and managed by government agencies, or private owners to provide affordable housing options for low-income individuals and families. These housing developments are funded and regulated by government entities, such as the U.S. Department of Housing and Urban Development (HUD) in the United States.
- **Reasonable Accommodation (RA):** The process of requesting and providing reasonable material, participatory, or physical accommodation. Typically involves an interactive dialogue between the individual with a disability and the entity responsible for making accommodations.
- **Relocation Project Manager:** Facilitates the smooth and successful relocation of individuals or businesses, from the initial planning stages to post-move support. They combine project management expertise with logistical coordination skills to ensure that the relocation process is executed effectively and meets the needs of all stakeholders involved and ensures compliance with Federal, State, and local laws.
- **Resident Relocation Plan (the Plan):** A structured strategy or set of procedures designed to facilitate the relocation of individuals or households from one residential location to another. The Plan aims to minimize disruption and hardship for affected individuals or households by providing comprehensive support and assistance throughout the relocation process. It emphasizes transparency, fairness, and responsiveness to ensure that residents are treated with dignity and respect as they transition to their new living arrangements.
- **Relocation Specialist:** Assigned to help individuals navigate the complexities of relocating to a new area. They provide personalized support and expertise to ensure that the relocation process is as smooth, efficient, and stress-free as possible.
- **Tenant-Protection Voucher (TPV):** A form of tenant based rental assistance provided by the U.S. Department of Housing and Urban Development (HUD) to assist residents who are

affected by certain housing-related actions, such as the demolition or disposition of public housing properties, or the conversion of public housing units to other uses. TPVs are designed to protect the housing stability of affected residents by providing them with vouchers that they can use to secure alternative housing of their choice in the private rental market.

- **90 Day Notice:** A formal notice issued by the public housing authority (PHA) to residents residing in public housing units that are subject to demolition or disposition under Section 18 of the Housing Act. This notice informs residents of the PHA's intention to take action affecting their tenancy and provides them with a 90-day period to vacate the premises.
- **90 Day Notice Waiver:** A voluntary form agreement for residents who select to move prior to the issuance or expiration of the issued 90-day notice.

Relocation Process

The Section 18 relocation process is a comprehensive procedure established by HUD to facilitate the relocation of residents impacted by the demolition, disposition, or revitalization of public housing properties. This structured approach ensures that affected residents receive ample support, assistance, and resources to transition smoothly to suitable housing alternatives while their current residences undergo redevelopment or removal. In accordance with the HPHA's Annual PHA Plan, households will receive the following assistance throughout the relocation process:

- **Notifications:** Provide written notice to affected residents detailing the reasons for the relocation, their rights, and the relocation assistance available to them.
- **Advisory Services:** Offer advisory services to affected residents, including counseling on their relocation options, assistance in finding suitable replacement housing, and guidance on financial assistance programs.
- **Relocation Assistance:** Residents must be provided with financial assistance to cover moving expenses, such as packing, transportation, and temporary lodging (if applicable). Additional assistance may be available for those facing financial hardship with approval from TMO/HPHA.
- **Comparable Replacement Housing:** Residents will be offered suitable replacement housing that is comparable in terms of size, quality, and location to their current housing that meets applicable housing standards and is affordable for the affected residents.
- **Special Needs Assistance:** Provide additional assistance to residents with special needs, such as elderly or disabled individuals, to ensure that their relocation needs are adequately addressed.

DRA will also educate residents about their tenant rights and protections, including fair housing laws, lease agreements, and eviction prevention strategies to empower residents to advocate for their rights and address any housing-related issues or challenges effectively.

Upon HUD's approval of the Section 18 Application, DRA will coordinate with TMO/HPHA to issue the Notice of Eligibility and 90 Day Notices to all 60 affected households. Concurrently, the DRA team will prioritize outreach to the following households:

- Households with residents over 65 years of age;
- Households with reasonable accommodation requests or ADA unit requirements; and
- Households which selected utilizing a Tenant Protection Housing Choice Voucher (TPV) as their 1st Option in replacement housing.
- Four-bedroom Households

The households mentioned above require ample time to ensure their relocation needs are addressed before the property vacancy deadline. To facilitate this process, the DRA Team will compile a database of residential housing options, encompassing properties within opportunity zones and those accepting TPVs, including vacant units identified at TMO properties. Recognizing the dynamic nature of the real estate market, we remain vigilant in monitoring local newspapers and trade publications to identify housing opportunities continually. This proactive approach allows us to stay abreast of new listings and market trends, thereby expanding our pool of potential replacement properties. Upon determining eligibility, DRA will assist in coordinating unit walkthroughs and providing resident support with transportation for viewing potential units.

Residents who prefer an on-site transfer or relocation to another HPHA property will be contacted by DRA if the HPHA finds an available unit. In anticipation of this upcoming resident relocation effort, HPHA has started holding few of these units vacant for Public Housing residents impacted by HPHA's redevelopment efforts statewide. HPHA will furnish the current and anticipated vacancy listings at HPHA properties, and DRA will work towards identifying at least three (3) potential units for each household that align with their specific relocation plans. DRA will facilitate the scheduling of unit walkthroughs and offer resident support with transportation to view the prospective units.

Residents who select to move prior to the expiration of the 90 Day Notice will be relocated if they voluntarily waive the 90 Day Notice. A resident may opt to do so if they have found adequate and approved replacement housing that may not be available if delayed, or if earlier relocation better accommodates the needs and timing for their household. TMO will still provide the household with relocation benefits and assistance.

Overall, the HUD Section 18 relocation process is designed to ensure that residents affected by public housing redevelopment receive adequate support and assistance to effectively navigate the transition to alternative housing arrangements. By prioritizing resident engagement, counseling, financial assistance, and compliance with legal requirements, the relocation process aims to minimize disruption and promote the well-being of affected residents. If residents are unable to place their voucher with a landlord or find a suitable unit for their family within their 1st Option, DRA will work with the family to transition to their next option, outlined in the Impacted Household Relocation Plan section of this report.

Moving and Related Expenses

Each household that is required to move is entitled to payment for moving and related expenses, as determined to be reasonable and necessary under Section 18 of the Housing Act.

- Moving Expenses
 - Includes packing and unpacking.
 - For public housing residents who prefer to pack their own personal possessions and items of value, DRA may provide packing instructions, boxes, markers, and tape to assist the displaced public housing residents.
 - Reasonable moving costs include not just the cost of packing, moving, and unloading, but also disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property. This includes costs for deinstallation, moving, and reinstallation services for resident-provided equipment or amenities such as fans, air conditioners, personal computers, etc. TMO/DRA will hire an independent contractor to do this work.
- Determining actual, reasonable, and necessary moving expenses
 - A displaced person's actual, reasonable, and necessary moving expenses for moving personal property from a dwelling may be reimbursed: 1) at actual cost or 2) covered by a commercial mover.
 - Moving expenses for Persons with Disabilities: Reasonable moving expenses for a person with disabilities might cover the cost of moving assistive equipment that is the personal property of the resident, the furnishings, and personal belongings of a live-in aide, and/or other reasonable accommodations.
- Increased housing costs
 - For those affected residents that currently pay a flat rate who select to relocate with the assistance of the TPV program, their rent may be adjusted so that 30% of their adjusted income is allocated towards housing costs.

- Direct payment or reimbursement for all disconnection, utility deposits, and/or reconnection of necessary utilities, i.e., water, sewer, gas, and electricity and existing services for television, cable and internet either by:
 - Paying the expenses directly to the applicable utility company on behalf of the resident, or
 - Reimbursing the resident for the cost of transferring utility services to the replacement (documentation of the cost must be provided to the DRA by the resident).
- If a relocated resident moves to another unit after the initial relocation from the Project, the resident is responsible for moving costs for additional moves.
- If the resident is evicted for cause from the unit, the resident may not be entitled to continued housing costs.
- If a resident is over-income and does not qualify for any HPHA assisted housing programs, and/or if the HPHA does not have a suitable unit at other properties, DRA will assist the resident with locating a comparable market rate unit and completing the relocation process.

Confidentiality of Records

HPHA/TMO/DRA will maintain relocation records in compliance with the policies on confidentiality. These records shall not be made available as public information, unless required by applicable law. Only authorized staff of the HPHA or HUD shall have access to the records maintained by HPHA/TMO/DRA, subject to applicable law. However, upon the written request of an affected person, HPHA shall give, as allowed by law, the person or the person's designated representative the opportunity to inspect and copy, during normal business hours, all records pertinent to his/her case, except materials which are classified as confidential by HPHA. HPHA may impose reasonable conditions on the person's right to inspect these records, consistent with applicable laws.

TMO/DRA/HPHA's files will include a list or lists identifying the name, address, and occupant characteristics for all persons residing in the project. The list(s) may be maintained manually or in computer-generated format and may be used to track progress made in carrying out the relocation. The lists will identify:

- All persons occupying the real property on the date the Demo / Dispo Application is submitted to HUD.
- All persons moving into the property on or after the date the Demo / Dispo Application is submitted to HUD but before completion of the project.
- Location of all persons moved from the property upon completion of the relocation process.

For persons displaced, there will be separate case files that include documentation that is sufficient to demonstrate that TMO/HPHA verified the person's relocation needs, current situation, and their eligibility for comparable housing and relocation assistance. DRA/TMO will provide to HPHA and maintain the following information concerning the families displaced:

- name
- sex
- age
- race/ethnicity
- disability (if any)
- head of household
- relationship to head of household
- estimated income, and
- certification of legal residence/citizenship
- copy of residents ID and vital documents
- emergency contact information
- employment status
- reasonable accommodation requests
- relocation option selection
- replacement housing options provided
- copy of Housing Choice Voucher (if applicable)
- move notices
- move option selection
- moving costs paid for household
- location of replacement unit
- Rental amount of replacement unit

Appeals

HPHA's grievance procedure regulations for public housing can be found at HAR chap. 17-2021 and on HPHA's website ("HPHA Grievance Procedure"). Public housing residents have the right to present a grievance if they feel that either (a) an HPHA action or failure to act in accordance with the rental agreement or (b) an HPHA rule adversely affects resident rights, duties, welfare or status. In general, the HPHA Grievance Procedure provides that a resident must first present a grievance (in writing or orally) to the project office for Kūhiō Park Terrace Low rise and Kūhiō Homes so that the resident and the property manager can work together to resolve the grievance on an informal basis. To make an appointment regarding a grievance, the property manager for the Kūhiō Park Terrace Low rise and

Kūhiō Homes can be reached at (808) 589-1845, Ext. 14. The property manager is required to issue a written summary of the grievance meeting. If a grievance remains unresolved, a resident may request a formal hearing in writing within 10 business days from the date they receive the written summary from the property manager. The HPHA will hold the hearing, issue a written determination on the appeal after the hearing, and provide the resident with a copy. If HPHA does not grant the full relief requested, HPHA will notify the resident of any right to seek further administrative or judicial review of HPHA's decision. If a resident does not submit a request for a hearing within the required time period, the informal settlement becomes final.

However, in accordance with the HPHA's Admissions and Continued Occupancy Policy ("ACOP"), if a resident disagrees with the Relocation Team's determination about a) whether the resident qualifies for relocation assistance or b) the amount or type of relocation assistance for which they may be eligible, a written appeal must be submitted within 60 days of receiving written notification of the Relocation Team determination and request a hearing under the HPHA's grievance procedures described in HAR chap 17-2021-11. The HPHA will hold the hearing, issue a written determination on the appeal after the hearing, and provide the resident with a copy. If HPHA does not grant the full relief requested, HPHA will notify the resident of any right to seek further administrative or judicial review of HPHA's decision. Appeal requests submitted after the 60-day period has run will not be considered. This is just a summary of the HPHA Grievance Procedure and the ACOP. Please consult the HPHA website for further details.

Relocation Timeline

According to the current project schedule provided by TMO, DRA will aim to complete the relocation of all Phase 1 households by the property vacancy deadline of January 10, 2025.

IMPACTED HOUSEHOLD RELOCATION PLAN

Methodology

DRA utilized a one-on-one interview to assess resident preferences regarding potential housing replacement options through a ranking-based survey methodology. The methodology involved several key steps to gather and analyze resident responses effectively. A structured survey instrument was developed within DRAVerse, DRA's web-based project management application, to collect data on resident preferences for housing replacement options. The survey included

demographic questions to capture respondent characteristics and a section where residents were asked to rank four housing options based on their preferences. Data collection occurred through various channels to maximize participation. Surveys were administered in-person, and over the phone for households who did not meet with DRA staff while on site the week of March 18th, 2024.

Residents were presented with descriptions of four housing options and asked to rank them from their most preferred option to their least preferred option. The housing options were:

- **Onsite:** If available, households could relocate to vacant units in Phase 2 and Phase 3 of Kūhiō Park Terrace Low-rises and Kūhiō Homes until the new construction is completed.
- **TMO Property:** TMO has provided a sample list of their local property portfolio in which residents may be able to qualify for, including the Towers at Kūhiō Park located across the street from the Kūhiō Park Terrace Low-rises and Kūhiō Homes, and if available
- **HPHA Property:** HPHA may be providing vacant units in their portfolio for residents to transfer to other HPHA properties on the island if available
- **Tenant Protection Housing Choice Voucher (TPV): subject to qualifications and availability,** Residents may apply for an HCV to search housing options on the private market for a landlord that accepts the program. Residents were also informed of their ability to utilize the HCV to move off island as well. The HPHA applied for Tenant Protection Vouchers as a relocation resources. If the HPHA is awarded Tenant Protection Vouchers, that voucher would be used to allow residents to rent comparable units on the open private market.

Once data collection was complete, responses were compiled and analyzed to identify patterns and trends in resident preferences. The ranking data were tabulated to determine the most preferred housing option among participants and to assess the relative ranking of each option. In addition to the ranking exercise, residents were given the opportunity to provide qualitative feedback on their housing preferences. Open-ended questions allowed participants to elaborate on their rankings and provide insights into their decision-making process.

By employing this methodology, DRA aimed to gain a comprehensive understanding of resident preferences for housing replacement options, which would inform decision-making and planning processes related to the housing project. The below table outlines the selections of all 58 households interviewed.

HOUSING OPTION RESULTS- 58 HOUSEHOLDS

Relocation Option	HPHA Transfer	TMO Property	Onsite Transfer	TPV
1st Option	14	6	22	16
2nd Option	21	17	5	15
3rd Option	13	20	10	15
4th Option	12	15	20	11

1st Option: TPV

Of the 58 households interviewed, sixteen (16) selected a Tenant Protection Housing Choice Voucher (TPV) as their 1st Option. DRA will prioritize working with households that selected TPV as their 1st Option as it requires ample time to ensure their relocation needs are addressed before the property vacancy deadline. The process typically begins with eligible applicants applying for the voucher program. Upon approval, the head of household (HOH) will receive a voucher that they can use to subsidize a portion of their rent for a qualifying rental unit. DRA will hold a copy of the resident voucher to ensure that paperwork is not lost and can easily assist the resident to locate alternatives if a unit fails to meet HUD's housing quality standards (HQS) and is ineligible. DRA will assist households in finding suitable housing that meets program requirements, including ensuring HPHA is aware of units ready to be scheduled for an (HQS) inspection. Once a unit is approved by the HPHA, the HOH and landlord will enter into a rental agreement, with HPHA paying the subsidy directly to the landlord on behalf of the participant. If the HOH selects TPVs as their 1st Option and requires a voucher extension to complete lease up, DRA will assist the resident in submitting for the extension.

Among the households interviewed, residents expressed their primary concern about receiving assistance in securing housing and apprehension regarding the available housing options. Additionally, several residents indicated an interest in transferring their voucher to another housing authority property, if feasible, and they preferred the prospect of residing in a single-family dwelling. The DRA will collaborate closely with these households to ensure they comprehend the ramifications of porting their voucher and are aware of the available options within the timeframe before they must vacate their current residence.

1st Option: TMO Property

Six (6) households expressed interest in moving to available units within TMO developments and managed properties on Oahu, including those at the neighboring Towers at Kūhiō Park. The primary preference among these households is to relocate to the Towers, primarily motivated by the desire to remain close to essential resources and within the same school district. Upon approval of the Section 18 application, TMO will assess their current vacancies. Subsequently, DRA will collaborate with the TMO property management team to facilitate the submission of necessary household documentation and arrange unit walkthroughs for interested residents.

1st Option: HPHA Property

Among the 58 households, fourteen (14) opted for transferring to another HPHA property as their first choice. HPHA oversees fifty four federal and state subsidized properties on Oahu. Following approval of the Section 18 application, the HPHA Property Management Branch will evaluate their current vacancies. DRA will partner with the HPHA property management team to streamline the submission of essential household documentation and coordinate unit walkthroughs for residents expressing interest.

1st Option: Onsite

The majority of households, specifically twenty-two (22), opted to relocate on-site to vacant units in Phases 2 and 3 of Kūhiō Park Terrace Low-rises and Kūhiō Homes until the completion of new construction. This choice was often made due to the desire to remain in proximity to the area, with some residents expressing a preference not to move to the Towers at Kūhiō Park. Ground-level units, especially favored by senior residents, provided a sense of comfort. DRA informed residents about the limited availability of units and assured them that if their first choice was unavailable, efforts would be made to secure their second option.

2nd Option

All 58 households interviewed chose a second option that best suited their family's needs. Residents who initially selected the Tenant Protection Housing Choice Voucher (TPV) as their first choice have the option to relinquish their voucher if they cannot find a suitable unit within their subsidized rental amount or conducive to their family's requirements. In the event that TPV is chosen as their second option, DRA will collaborate closely with the household to ensure they undertake the necessary steps to secure a lease using their voucher. For households opting for one of the remaining three options,

DRA will engage in discussions about available replacement unit choices during monthly in-person meetings until lease-up. If the household is not leased-up by the issuance of the 30-day Notice, households will meet with DRA to explore their alternative housing options.

3rd Option/4th Option

Seven days prior to issuing the 30-Day Notice to Vacate, DRA will contact residents to address any challenges they may have encountered in securing replacement housing. Subsequently, DRA will share this information with TMO and HPHA to assess the possibility of offering additional assistance to remaining households or exploring alternative housing options if all potential replacement housing avenues have been explored.

CONCLUSION

In conclusion, the comprehensive survey conducted by DRA at Kūhiō Park Terrace Low-rises and Kūhiō Homes has provided valuable insights into the demographics and preferences of impacted households, guiding our relocation efforts. The survey, conducted both in-person and over the phone, yielded a total of 58 completed interviews, offering a detailed understanding of the needs and circumstances of residents.

Key findings highlight the diverse composition of impacted households, including employed heads of households, families with minors enrolled in K-12 schools, households requiring reasonable accommodations, and those utilizing public transportation. Additionally, a significant number of households include elderly residents and individuals with limited English proficiency, underscoring the importance of tailored support and accommodations to address their unique needs during the relocation process. Despite challenges such as limited housing availability and financial constraints, we remain dedicated to addressing the needs of all households, including those who are over-housed, under-housed, or have pets. By prioritizing communication, outreach, and collaboration with property management, HPHA and TMO, we aim to mitigate barriers and facilitate successful relocations for all impacted households.

The Impacted Household Relocation Plan conducted by DRA utilized a comprehensive methodology to assess resident preferences regarding potential housing replacement options. Through one-on-one interviews and a ranking-based survey methodology, valuable insights were gathered from all 58 households interviewed. The data revealed diverse preferences among residents, with various factors influencing their housing choices, such as location, amenities, and proximity to essential resources.

Moving forward, we will continue to engage with residents, monitor their progress, and adapt our strategies as needed to ensure a successful and equitable relocation process. Through ongoing collaboration and commitment to resident-centered practices, we are confident in our ability to navigate the challenges ahead and support all impacted households in transitioning to safe, stable, and sustainable housing solutions.

[Draft 8/25/2025]

**KPLR PHASE 1, LP,
A HAWAII LIMITED PARTNERSHIP
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

As of August 1, 2025

THE LIMITED PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE “AGREEMENT”) HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE “ACT”) OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS (“BLUE SKY LAWS”). ACCORDINGLY, THE LIMITED PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I CONTINUATION OF PARTNERSHIP	2
1.01 CONTINUATION	2
1.02 NAME	2
1.03 PRINCIPAL PLACE OF BUSINESS.....	2
1.04 AGENT FOR SERVICE OF PROCESS	2
1.05 WITHDRAWAL OF WITHDRAWING LIMITED PARTNER AND ADMISSION OF LIMITED PARTNER, SPECIAL LIMITED PARTNER, CLASS B LIMITED PARTNER AND STATE LIMITED PARTNER.....	2
1.06 TERM.....	2
1.07 RECORDING OF CERTIFICATE	2
ARTICLE II DEFINED TERMS	3
ARTICLE III PURPOSE AND BUSINESS OF THE PARTNERSHIP	27
3.01 PURPOSE OF THE PARTNERSHIP	27
3.02 AUTHORITY OF THE PARTNERSHIP	27
ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS; DUTIES AND OBLIGATIONS	29
4.01 REPRESENTATIONS, WARRANTIES AND COVENANTS RELATING TO THE PROJECT AND THE PARTNERSHIP	29
4.02 DUTIES AND OBLIGATIONS RELATING TO THE PROJECT AND THE PARTNERSHIP.....	39
4.03 SINGLE PURPOSE ENTITY	41
4.04 LEASEHOLD OBLIGATIONS	39
ARTICLE V PARTNERS, PARTNERSHIP INTERESTS AND OBLIGATIONS OF THE PARTNERSHIP	45
5.01 PARTNERS; CAPITAL CONTRIBUTIONS; PARTNERSHIP INTERESTS	45
5.02 RETURN OF CAPITAL CONTRIBUTION	51
5.03 WITHHOLDING OF CAPITAL CONTRIBUTION UPON DEFAULT	51
5.04 LEGAL OPINIONS.....	52
5.05 REPURCHASE OBLIGATION	52
5.06 GUARANTEED PAYMENTS	54
5.07 GP LOANS	54
5.08 LP LOANS	55
5.09 DEFAULT BY LIMITED PARTNER OR STATE LIMITED PARTNER	55
ARTICLE VI CHANGES IN GENERAL PARTNER	57
6.01 WITHDRAWAL OF THE GENERAL PARTNER	57
6.02 ADMISSION OF A SUCCESSOR OR ADDITIONAL GENERAL PARTNER	57
6.03 EFFECT OF BANKRUPTCY, DEATH, WITHDRAWAL, DISSOLUTION OR INCOMPETENCE OF A GENERAL PARTNER OR CLASS B LIMITED PARTNER	58
6.04 RESTRICTIONS ON TRANSFER OF GENERAL PARTNER'S INTERESTS	60
6.05 REMOVAL OF THE GENERAL PARTNER	60
ARTICLE VII ASSIGNMENT TO THE PARTNERSHIP	63
7.01 ASSIGNMENT TO THE PARTNERSHIP.....	63
ARTICLE VIII RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER....	64
8.01 MANAGEMENT OF THE PARTNERSHIP	64

8.02	LIMITATIONS UPON THE AUTHORITY OF THE GENERAL PARTNER	64
8.03	SALE OF PROJECT	68
8.04	RESERVED	70
8.05	RESERVED	70
8.06	GENERAL PARTNER OR AFFILIATES DEALING WITH PARTNERSHIP	70
8.07	OTHER ACTIVITIES	70
8.08	LIABILITY FOR ACTS AND OMISSIONS	71
8.09	INDEMNIFICATION OF LIMITED PARTNER AND THE PARTNERSHIP	71
8.10	CONSTRUCTION OF THE APARTMENT COMPLEX, CONSTRUCTION COST OVERRUNS, OPERATING DEFICITS; OTHER GENERAL PARTNER GUARANTEES	72
8.11	DEVELOPMENT FEE	76
8.12	INCENTIVE PARTNERSHIP MANAGEMENT FEE	77
8.13	WITHHOLDING OF FEE PAYMENTS	77
8.14	SELECTION OF MANAGEMENT AGENT	77
8.15	REMOVAL OF THE MANAGEMENT AGENT	78
8.16	REPLACEMENT OF THE MANAGEMENT AGENT	79
8.17	LOANS TO THE PARTNERSHIP.	79
8.18	GUARANTY.....	79
8.19	OPERATING AND CAPITAL BUDGETS.	79
8.20	PARTNERSHIP MANAGEMENT FEE.....	79
ARTICLE IX TRANSFERS AND RESTRICTIONS ON TRANSFERS OF INTERESTS OF LIMITED PARTNERS.....		80
9.01	RESTRICTIONS ON TRANSFER OF LIMITED PARTNERS' INTERESTS	80
9.02	ADMISSION OF SUBSTITUTE LIMITED PARTNERS.....	80
9.03	RIGHTS OF ASSIGNEE OF PARTNERSHIP INTEREST	82
ARTICLE X RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS.....		82
10.01	MANAGEMENT OF THE PARTNERSHIP	82
10.02	LIMITATION ON LIABILITY OF LIMITED PARTNERS.....	82
10.03	DISCLOSURES BY THE LIMITED PARTNERS	83
10.04	OTHER ACTIVITIES	83
10.05	INSPECTION	83
ARTICLE XI PROFITS, LOSSES AND DISTRIBUTIONS.....		83
11.01	ALLOCATION OF PROFITS AND LOSSES OTHER THAN FROM CAPITAL TRANSACTIONS	83
11.02	ALLOCATION OF PROFITS AND LOSSES FROM CAPITAL TRANSACTIONS	84
11.03	DISTRIBUTIONS: NET CASH FLOW	84
11.04	DISTRIBUTIONS: CAPITAL TRANSACTIONS AND LIQUIDATION OF PARTNERSHIP PROPERTY	86
11.05	DISTRIBUTIONS AND ALLOCATIONS: GENERAL PROVISIONS	87
11.06	CAPITAL ACCOUNTS	88
11.07	SPECIAL ALLOCATIONS	90
11.08	PARTNERSHIP AUDIT PROCEDURES	94
ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION		99
12.01	DISSOLUTION OF THE PARTNERSHIP	99
12.02	WINDING UP AND DISTRIBUTION	99
ARTICLE XIII BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.		100
13.01	BOOKS AND RECORDS	100
13.02	BANK ACCOUNTS	101
13.03	ACCOUNTANTS	101
13.04	REPORTS TO PARTNERS	101
13.05	SECTION 754 ELECTIONS	106
13.06	FISCAL YEAR AND ACCOUNTING METHOD	107

ARTICLE XIV AMENDMENTS	107
14.01 PROPOSAL AND ADOPTION OF AMENDMENTS	107
ARTICLE XV CONSENTS, VOTING AND MEETINGS	107
15.01 METHOD OF GIVING CONSENT	107
15.02 SUBMISSIONS TO LIMITED PARTNERS.....	107
15.03 MEETINGS: SUBMISSION OF MATTER FOR VOTING	107
ARTICLE XVI GENERAL PROVISIONS.....	107
16.01 BURDEN AND BENEFIT	107
16.02 APPLICABLE LAW.....	108
16.03 COUNTERPARTS.....	108
16.04 SEPARABILITY OF PROVISIONS	108
16.05 ENTIRE AGREEMENT	108
16.06 LIABILITY OF THE LIMITED PARTNER.....	108
16.07 ENVIRONMENTAL PROTECTION.....	108
16.08 PLEDGE OF GENERAL PARTNER INTEREST.....	110
16.09 NOTICES	111
16.10 HEADINGS	112
16.11 PRONOUNS AND PLURALS	112
16.12 PARTIES IN INTEREST	112
16.13 NO PARTITION.....	112
16.14 STATE LIMITED PARTNER PROVISIONS.....	112
16.15 CLASS B LIMITED PARTNER PROVISIONS.....	116
16.16 LIMITATION OF BENEFITS.....	114
16.17 ELECTRONIC TRANSMISSION OF DATA	114

TABLE OF EXHIBITS

A	Projections
B	Summary of Project Loan Terms
C	Insurance Requirements
D	General Partner Certificate
E	Plans and Specifications Approved by the Limited Partner
F	Development Agreement
G	Guaranty
H	Incentive Management Fee Agreement
I	Purchase Option Agreement
J	Post-Closing Agreement
K	Capital Contributions

**KPLR PHASE 1, LP,
A HAWAII LIMITED PARTNERSHIP**

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP is made and entered into as of August 1, 2025, by and among HCDC Kuhio Park 1 LLC, a Hawaii limited liability company, its general partner (“General Partner”), Victoria Capital, LLC, a California limited liability company, the withdrawing limited partner (the “Withdrawing Limited Partner”), RBC Community Investments, LLC, an Illinois limited liability company (the “Limited Partner”), RBC Community Investments Manager II, Inc., a Delaware corporation (the “Special Limited Partner”), Hawaii Public Housing Authority, a public body and a body corporate and politic, existing under the laws of the State of Hawaii (the “Class B Limited Partner”), and Berkadia Kuhio Park Low-Rise MTE LLC, a Delaware limited liability company (the “State Limited Partner”).

WHEREAS, the General Partner, executed a Certificate of Limited Partnership (the “Certificate”) for the formation of KPLR Phase 1, LP, a Hawaii limited partnership (the “Partnership”) pursuant to the terms of the Uniform Limited Partnership Act, or its equivalent, as it may be adopted or amended from time to time by Hawaii (the “Act”), which Certificate was subsequently filed with the Department of Commerce and Consumer Affairs of the State of Hawaii (the “State of Formation”) on March 5, 2025;

WHEREAS, the General Partner and the Withdrawing Limited Partner, as limited partner, entered into that certain Agreement of Limited Partnership (the “Original Agreement”) of the Partnership dated as of May 5, 2025;

WHEREAS, the General Partner, the Special Limited Partner, the Limited Partner, the Class B Limited Partner, and the State Limited Partner wish to continue the Partnership pursuant to the Act;

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a 304-unit multifamily apartment complex for rental to low-income families, to be known as Kuhio Low Rises Park Phase 1 and to be located in Honolulu County, Honolulu, State of Hawaii;

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Agreement of Limited Partnership to (i) continue the Partnership under the Act; (ii) withdraw the Withdrawing Limited Partner from the Partnership; (iii) admit the Limited Partner, the Special Limited Partner, the State Limited Partner, and the Class B Limited Partner as limited partners to the Partnership; (iv) amend and restate the Original Agreement; and (v) set forth all of the provisions governing the Partnership; and

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, as set forth in this Amended and Restated Agreement of Limited Partnership, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF PARTNERSHIP

1.01 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.

1.02 Name. The name of the Partnership is KPLR Phase 1, LP, a Hawaii limited partnership.

1.03 Principal Place of Business. The principal place of business of the Partnership shall be 330 West Victoria Street, Gardena, California, 90248. The Partnership may change the location of its principal place of business to such other place or places within the State of Formation or Project State as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal place of business. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.

1.04 Agent for Service of Process. The name and address of the agent for service of process is Corporation Service Company, 1003 Bishop Street, Suite 1600, Honolulu, Hawaii 96813.

1.05 Withdrawal of Withdrawing Limited Partner and Admission of Limited Partner, Special Limited Partner, Class B Limited Partner, and State Limited Partner. The Withdrawing Limited Partner hereby withdraws as a Partner of the Partnership, and represents and warrants that it has no interest in the Partnership and is not entitled to any fees, distributions, compensation or payments from the Partnership and that it has no interest in any property or assets of the Partnership. The Limited Partner, the Special Limited Partner, Class B Limited Partner and the State Limited Partner are hereby admitted to the Partnership as the sole limited partners.

1.06 Term. The term of the Partnership commenced as of the date of the filing of the Certificate with the Department of Commerce and Consumer Affairs of the State of Formation, and shall continue until December 31, 2086, unless the Partnership is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the General Partner shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the Department of Commerce and Consumer Affairs of the State of Formation. All fees for filing shall be paid out of the Partnership's assets. The General Partner shall take all other necessary action required by law to perfect and maintain the Partnership as a limited partnership under the laws of the State of Formation, and shall register the Partnership under any assumed or fictitious name statute or similar law in force and effect in the State of Formation.

ARTICLE II DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac & Company, LLP or such other firm of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Special Limited Partner, to prepare financial statements and provide other services to the Partnership.

“Act” means the Uniform Limited Partnership Act as adopted in the State, as may be amended from time to time during the term of the Partnership.

“Actual Credits” means, for any period of time, collectively, the Actual Federal Credits and the Actual State Credits.

“Actual Federal Credits” means, for any period of time, the total amount of the Federal Housing Tax Credits allocated by the Partnership to the Limited Partners and the State Limited Partner representing [99.99]% of the aggregate Federal Housing Tax Credits reported and claimed by the Partnership and its Partners on their respective federal information and income tax returns for such period of time, and not disallowed by any taxing authority.

“Actual State Credits” means, for any period of time, the total amount of the State Housing Tax Credits allocated by the Partnership to the State Limited Partner representing 100% of the aggregate State Housing Tax Credits reported and claimed by the Partnership and its Partners on their respective state information and income tax returns for such period of time, and not disallowed by any taxing authority.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Partner is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Administrative Adjustment Request” means an administrative adjustment request under Code Section 6227.

“Affected Partner” means at any point in time, with respect to any Administrative Adjustment Request or proposed Partnership Adjustment, any person who is a then current Partner or a Former Partner.

“Affiliate” of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person

specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, general partner or trustee, any corporation, partnership or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, general partner, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agency” means the Hawaii Housing Finance and Development Corporation, in its capacity as the agency of the Project State designated to allocate Tax Credits and State Housing Tax Credits, acting through any authorized representative.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“AHAP Contract” shall mean the Agreement to Enter into a Housing Assistance Payment Contract to be entered into by Hawaii Public Housing Authority and the Partnership evidencing a project-based Section 8 vouchers, pursuant to 24 CFR 983, for 65 units in the Project for twenty (20) years.

“Anti-Corruption Laws” means all laws, rules, statutes, codes and regulations of any governmental entity, applicable to the General Partner, its Affiliates or the Partnership, concerning or relating to corruption or bribery, including laws prohibiting an offer, payment, promise to pay, or authorization of the payment or giving of money or anything else of value, to anyone, while knowing or believing that all or some portion of the money or thing of value will be offered, given, promised to, or retained by a Government Official, or any other person, for the purpose of obtaining or retaining business, securing any improper advantage or the improper performance of that person's or Government Official's function, or misuse of that person's or Government Official's position.

“Architect” means Lowney Architecture, the architect that prepared the Plans and Specifications.

“As-Built Plans and Specification” means the Plans and Specifications modified to reflect the completed Project, as constructed, stamped with the seal of the Architect and issued upon or after Substantial Completion and subject to the Consent of the Limited Partner.

“Asset Management Fee” has the meaning set forth in Section 13.04(j)(iv).

“Assignment” means the assignment and assumption agreement prepared by the Limited Partner pursuant to which the Limited Partner may hereafter transfer its interest in the Partnership to a Fund.

“Authority” or “Authorities” means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

“Bankruptcy” or “Bankrupt” as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978

or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of its assets; admission by such Person, in writing, that it cannot pay its debts as they become due; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates its Consent thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

“Business Day” means a day of the week other than a Saturday, Sunday or United States federal holiday. Unless specifically referenced in this Agreement as a Business Day, all references to “days” shall be to calendar days.

“Capital Account” means the capital account of a Partner as described in Section 11.06.

“Capital Contribution” means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Interest of such Partner.

“Capital Transaction” means any transaction out of the ordinary course of the Partnership's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget Consented to by all of the Partners), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Project, but excluding any Liquidation.

“Carveouts” has the meaning set forth in Section 3.02(e).

“Certificate” means the Partnership's Certificate of Limited Partnership or any certificate of limited partnership or any other instrument or document which is required under the laws of the State of Formation to be signed and sworn to by the General Partner and filed in the appropriate public offices within the State of Formation to perfect or maintain the Partnership as a limited partnership under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners and State Limited Partner as limited partners under the laws of the State of Formation.

“Certified Credits” means, for any period of time, collectively, the Certified Federal Credits and the Certified State Credits.

“Certified Federal Credits” means, for any period of time, the total amount of the Federal Housing Tax Credits that the Accountants certify will be allocated to and claimed by the Limited Partners and the State Limited Partner, collectively, representing [99.99]% of the aggregate Federal Housing Tax Credits for the Partnership and its Partners for such period of time. The Accountant's written certification shall be for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Federal Credits shall be based upon and determined promptly following issuance of the Form(s) 8609 issued by the

Agency for all the buildings comprising the Project. If there is a delay in issuance of the Form(s) 8609, with the Consent of the Special Limited Partner, the calculation of the Certified Federal Credits shall initially be based on the cost certification prepared in connection with the application by the Partnership for Form(s) 8609, provided that such determination shall be subject to further adjustment upon issuance of the Form(s) 8609. Once the Certified Federal Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to a Tax Credit Recapture Event the General Partner makes a payment under Section 8.10(c), then the Certified Federal Credits shall be reduced prospectively by the annual reduction in Tax Credits attributable to such Tax Credit Recapture Event.

“Certified State Credits” means, for any period of time, the total amount of the State Housing Tax Credits that the Accountants certify will be allocated to and claimed by the State Limited Partner representing 100% of the aggregate State Housing Tax Credits for the Partnership and its Partners for such period of time. The Accountant’s written certification shall be for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified State Credits shall be based upon and determined promptly following issuance of the Hawaii Eligibility Statement for all the buildings comprising the Project. If there is a delay in issuance of the Hawaii Eligibility Statement, with the Consent of the State Limited Partner, the calculation of the Certified State Credits shall initially be based on the cost certification prepared in connection with the application by the Partnership for Hawaii Eligibility Statement, provided that such determination shall be subject to further adjustment upon issuance of the Hawaii Eligibility Statement. Once the Certified State Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to a State Tax Credit Recapture Event the General Partner makes a payment under Section 8.10(e), then the Certified State Credits shall be reduced prospectively by the annual reduction in State Housing Tax Credits attributable to such State Tax Credit Recapture Event.

“City” the City of Honolulu, located in the State of Hawaii.

“Class B Limited Partner” or “Housing Authority” means Hawaii Public Housing Authority, a public body and a body corporate and politic, existing under the laws of the State of Hawaii.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Collateral” means:

(a) All of General Partner’s right, title and interest in the Partnership, whether now owned or hereafter acquired, including, without limitation, its general partnership interest in the Partnership and its right to receive distributions, allocations and payments under the Agreement, as such Agreement may be modified from time to time with the Consent of the Limited Partner,

(b) All fees and charges to be paid by the Partnership to the General Partner, whether now owned or hereafter acquired, whether arising under the Agreement or otherwise, including, without limitation, the Incentive Management Fee, the Asset Management Fee, and the Partnership Management Fee (but excluding amounts payable under the Ground Lease),

(c) All indebtedness of the Partnership to the General Partner of any kind or description, including without limitation, General Partner's right to receive payment of GP Loans, Operating Deficit Loans or other loans to the Partnership,

(d) All products and proceeds, whether cash proceeds or noncash proceeds, and products of any and all of the foregoing.

"Compliance Period" means the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Code.

"Condominium Governing Documents" means, collectively, the Declaration of Condominium Property Regime of Kuhio Park Low Rise Phase 1, the Bylaws of the Association of Kuhio Park Low Rise Phase 1, Condominium Map and included Certification Statement (the "KPLR 1 Condominium Map"); and any additional declaration of covenants, conditions and restrictions, bylaws, articles, documents establishing or governing the condominium regime, including, without limitation a condominium management agreement governing the hiring and retention of an entity to manage the condominium regime.

"Consent" means the prior written consent of the Limited Partner, Special Limited Partner, State Limited Partner, Class B Limited Partner, General Partner and/or any other Person, as the context may require, to do the act or thing for which the consent is solicited, provided that in such circumstances where the Limited Partner's Consent is required hereunder, the Limited Partner may designate the Special Limited Partner as the party to determine if any Consent is to be given or withheld. Except as otherwise provided herein and except for Special Limited Partner or Limited Partner Consent rights under Section 4.02(f), 5.01(i), 8.13, 11.07(m)(iii), 12.01(c) and 14.01 which may be granted or withheld in the Special Limited Partner or Limited Partner's (as applicable) sole discretion, the Consent of the Limited Partner, Class B Limited Partner, State Limited Partner, and/or the Special Limited Partner shall not be unreasonably withheld.

"Construction Contract" means the collectively the construction contract in the stipulated amount of \$[152,222,246] (including all exhibits and attachments thereto) to be entered into between the Partnership and the Contractor, pursuant to which the Project is to be constructed or rehabilitated. Such Construction Contract, and any amendments thereto, shall be subject to the Consent of the Special Limited Partner in its sole discretion.

"Construction Inspector" shall mean, GTG, the construction consultant, approved by the Special Limited Partner to review the Plans and Specifications and inspect the progress of construction or rehabilitation of the Project.

"Construction Loan" collectively refers to those Project Loans designated as a "Construction Loan" on Exhibit B attached hereto.

"Contractor" means Hawaiian Dredging Construction Company, Inc., which is the general construction contractor for the Project.

“Conversion” means the commencement of amortization of principal and interest on the Tax-Exempt Loan and repayment by the Partnership of the Tax-Exempt Loan down to the Permanent Tax-Exempt Loan Amount.

“Cost Segregation Study” means the segregated cost study prepared for the Project with the Consent of the Limited Partner.

“Counsel” or “Counsel for the Partnership” means Cox, Castle & Nicholson LLP, or such other attorney or law firm upon which the Limited Partner and the General Partner shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“County Assessor” means the county assessor for Honolulu County.

“Credit Period” means, as applicable, the ten-year “credit period” as defined in and determined in accordance with Section 42(f) of the Code with respect to the Federal Housing Tax Credits, and the five-year credit period for the State Housing Tax Credit as determined in accordance with Section 235-110.8 of the Hawaii Revised Statutes.

“Debt Service Coverage Ratio” shall mean, for a specified period of time after Final Closing, a fraction,

(a) the numerator of which is the difference between:

(i) all cash actually received by the Partnership on a cash basis from the normal operation of the Project during such period of time (taking into account the greater of the actual vacancy rate or an assumed 5% vacancy rate [under review by investor]) and including, if applicable, public subsidy payments due and payable for the applicable period of time, although subsidy payments shall not be included to the extent such payments exceed Tax Credit maximum allowable rents unless associated with the units in the Project subsidized by the HAP Contract, and

(ii) less expenses equal to the greater of (i) an amount equal to underwritten expenses of \$[11,437]/unit, or (ii) all costs, debts and expenses of any type incurred, on an accrual basis, incident to the equipping, financing, ownership and operation of the Project and the Partnership, on an annualized basis, which costs shall include, but not be limited to, taxes or payments in lieu of taxes, insurance costs, assessments, audit expenses, the funding of any Reserve Fund for Replacements deposits required under any Project Loan, compliance costs as required by the Agency, payment of the Management Agent’s fees, repayment of any other Partnership loans or obligations not paid or payable out of Net Cash Flow, the costs of capital improvements to the Project incurred after Substantial Completion (which capital improvements are not funded from any Partnership reserves, casualty or condemnation proceeds, any Project Loans, Capital Contributions or the proceeds of any Capital Transactions) and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of those seasonal and/or periodic expenses (such as water and sewer charges, utilities and maintenance expenses

which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation), for the period of time during which Debt Service Coverage Ratio is measured; and

(b) the denominator of which is all required annualized debt service (other than debt service payable only from Net Cash Flow), reserve, mortgage insurance premium and/or other cash requirements imposed by the Project Loan Documents properly allocable to such period of time as determined by the General Partner and approved by the Special Limited Partner in writing.

Such calculation shall be approved by the Special Limited Partner and attested to by the Accountants in accordance with standards established by the American Institute of Certified Public Accountants (which attestation shall be subject to the Consent of the Special Limited Partner) and which shall be evidenced by a certification of the General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership. The Special Limited Partner and the Accountants shall be provided with all documents and records which they may reasonably require in order to verify the achievement of the required Debt Service Coverage Ratio and shall have the right to examine and copy all books and records of the Partnership, the General Partner and the Management Agent (relating to the Partnership and/or the Project) in connection therewith.

For the purpose of calculating the Debt Service Coverage Ratio, the following expenses shall not be considered operational expenses of the Project: (i) payments of the Incentive Management Fee; (ii) payments of the Asset Management Fee and State Asset Management Fee; (iii) payments of the Partnership Management Fee; (iv) payments of Subordinate Property Management Fee; (v) payments made under the Development Agreement; and (vi) annual payments made under the Ground Lease.

“Default Rate” shall mean the greater of (i) 12% per annum or (ii) the Prime Rate, plus four percent (4%) but in no event higher than the highest rate permitted by applicable law.

“Designated Individual” shall have the meaning given in Section 11.08 of this Agreement.

“Developer” means HCDC Kuhio Park 1 LLC, a Hawaii limited liability company.

“Development Agreement” means the Development Agreement between the Partnership and the Developer as of even date herewith relating to the development of the Project and providing for the payment of the Development Fee and attached hereto as **Exhibit F**.

“Development Costs” means all of the following: (i) all direct or indirect costs paid or accrued by the Partnership related to the acquisition of the Partnership’s leasehold interest in the Land and the development or construction or rehabilitation of the Project, including payment of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders, the cost to correct construction defects, the cost of equipping the Project of all necessary and appropriate fixtures, equipment and personal property, including, without limitation, installation of all required appliances in the residential units in the Project and all costs necessary to achieve Substantial Completion and any cost related to Off-Site Improvements; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees,

discounts or other expenses and any other costs required to commence amortization on all Project Loans; (iii) for the period prior to the Stabilization Date, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan “in balance”; (iv) the funding of all reserves required to be established on or prior to Final Closing pursuant to Section 4.02 of this Agreement (including without limitation, the Operating Reserve and the Reserve Fund for Replacements) or pursuant to the terms of any Project Loan; (v) discharge all Partnership liabilities and obligations arising out of any casualty occurring prior to Final Closing generating insurance proceeds for the Partnership, (vi) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (vii) all Operating Deficits incurred by the Partnership prior to the Stabilization Date.

“Development Fee” means the fee payable by the Partnership to the Developer pursuant to Section 8.11 of this Agreement and the Development Agreement.

“Downward Capital Adjustments” means collectively, the Downward Federal Capital Adjustment and the Downward State Capital Adjustment.

“Downward Federal Capital Adjustment” has the meaning set forth in Section 5.01(g).

“Downward State Capital Adjustment” has the meaning set forth in Section 5.01(g).

“Early Federal Delivery Adjustment” has the meaning set forth in Section 5.01(g).

“Early State Delivery Adjustment” has the meaning set forth in Section 5.01(g).

“Economic Risk of Loss” has the meaning specified in Treas. Reg. §1.752-2.

“Environmental Report” means [_____] .

“Excess Development Costs” means all Development Costs in excess of the proceeds of the Project Loans, operating revenues received prior to the Stabilization Date, any insurance proceeds arising out of casualties occurring prior to Final Closing as such portion is applied towards Development Costs and all Capital Contributions the General Partner, Limited Partners, and State Limited Partner are required to make hereunder; provided, however, that in no event shall the Development Fee constitute an Excess Development Cost that must be funded by the General Partner pursuant to Section 8.10(a)(ii).

“Extended Use Agreement” means the instrument required pursuant to Section 42(h)(6)(B) of the Code, to be executed by the Partnership and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Project is to be operated.

“Federal Housing Tax Credits” means the low-income housing tax credit allowed for low income housing projects pursuant to Section 42 of the Code.

“Final Capital Contribution” means the last Capital Contribution pursuant to Exhibit K.

“Final Closing” means the occurrence of all of the following:

-10-

- (a) Substantial Completion,
- (b) if required by the Project Documents, approval by the Project Lenders of Partnership's certification of actual costs as to the development and construction of the Project,
- (c) disbursement by all Project Lenders of any previously undisbursed Project Loan proceeds, including, without limitation, the RHRF Loan proceeds,
- (d) payment of the portion of Tax-Exempt Loan in an amount that leaves a balance equal to the Permanent Tax-Exempt Loan Amount,
- (e) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization) such that the Project will have a Debt Service Coverage Ratio of not less than 1.15:1, and
- (f) the Project has achieved a Debt Service Coverage Ratio of 1.15 to 1.0 for each of the 3 months immediately prior to Final Closing.

"Final Construction Documents" shall mean:

- (a) an updated and recertified as-built ALTA/ACSM standards survey dated no more than 30 days prior to the date of Substantial Completion;
- (b) As-Built Plans and Specifications;
- (c) any permits and licenses which are required for the operation and use of the Project, including any certificates of completion;
- (d) a final sworn statement or affidavit of final construction cost executed by the General Partner;
- (e) copies of any change orders not previously submitted to the Limited Partner;
- (f) a list of all warranties and maintenance agreements applicable to the completed construction;
- (g) current certificates of insurance evidencing the insurance coverages required to be maintained by the Partnership in accordance with **Exhibit C** attached hereto;
- (h) final soil reports confirming that the Project has been constructed in a manner compatible with the soil conditions at the time of construction and all necessary excavations, fills, footings, caissons and other installations have been provided;
- (i) evidence that any actions recommended to be taken which were contained in any environmental assessment, asbestos, lead based paint, radon or subsurface reports prepared in conjunction with the development of the Project have been appropriately taken in a manner

that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters;

(j) final soil reports confirming that the Project has been constructed in a manner compatible with the soil conditions at the time of construction and all necessary excavations, fills, footings, caissons and other installations have been provided; and

(k) if applicable, an asbestos operations and maintenance plan prepared in general accordance with U.S. EPA's guidelines addressing any suspect or known asbestos containing materials in each building in the Project.

"Final Determination" means (i) a decision of a court of competent jurisdiction from which no appeal (other than an appeal to the United States Supreme Court) is available or which is not appeal by the Partnership within ninety (90) days, (ii) a binding agreement between the Partnership, Partnership Representative, or the Limited Partners or any other Partner (or any partner of the Limited Partners) and the IRS (or the Agency with respect to the state housing tax credits) with respect to such issue, (iii) a final ruling or administrative determination by the IRS (or the Agency with respect to the state housing tax credits), from which no appeal is available or is not appealed by the Partnership within ninety (90) days, or (iv) the submission of federal income tax return reflecting such determination.

"Financing Shortfall" has the meaning set forth in Section 8.10(d).

"First Capital Contribution" means the First Capital Contribution pursuant to **Exhibit K**.

"Former Partner" means any Person who was a Reviewed Year Partner but is not a Partner in the year of an Administrative Adjustment Request or proposed Partnership Adjustment.

"42(m) Determination" means, with respect to the Project, the allocation by the Agency of Tax Credits, as evidenced by the written determinations required to be received from the Agency under Sections 42(m)(1)(D) and (m)(2)(D) of the Code, respectively.

"Fund" means an assignee of the Limited Partner's Partnership Interest or State Limited Partner's Partnership Interest where the general partner or managing member of the assignee is an Affiliate of the Limited Partner or State Limited Partner, as applicable, provided that for purposes of the definition of "Fund," the term "Affiliate" shall mean only such Persons as are described in section (i) of the definition of "Affiliate" above.

"Funding Lender" means First Hawaiian Bank.

"General Partner" means the HCDC Kuhio Park 1 LLC, a Hawaii limited liability company, and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

"General Partner Certificate" means the certificate to be delivered by the General Partner to the Limited Partner as further described in **Exhibit K** hereto and in the form attached hereto as **Exhibit D**.

“General Partner/Class B Limited Partner Special Capital Contribution” has the meaning set forth in Section 5.01(b) hereof.

“GP Loans” means the loans which may be made by the General Partner to the Partnership pursuant to Section 5.07(a) hereof. Operating Deficit Loans shall not constitute GP Loans.

“GP Loan Cap” means the maximum combined amount of loans made by the General Partner, which shall not at any time exceed \$[3,500,000] in the aggregate without the Limited Partner’s reasonable Consent based upon the capital analysis.

“Governmental Lender” means the City and County of Honolulu, a political subdivision and body corporate and politic existing under the laws of the State of Hawaii.

“Government Official” means an officer, employee or official of a governmental, government owned or controlled entity, political party or public international organization, or a candidate for political office.

“Ground Lease” means the HPHA Ground Lease between the Partnership and the Housing Authority dated as of [August 1, 2025], with a term of [70] years.

“Guarantor” means Highridge Costa Housing Partners, LLC, a Delaware limited liability company.

“Guaranty” means the Guaranty of even date herewith given by the Guarantor to guaranty the performance of the obligations of the General Partner under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Limited Partner and State Limited Partner attached hereto as **Exhibit G**.

“HAP Contract” shall mean the Housing Assistance Payment Contract to be entered into by the Hawaii Public Housing Authority and the Partnership evidencing a project-based Section 8 voucher, pursuant to 24 CFR 983, for 65 units in the Project for twenty (20) years.

“Hawaii Eligibility Statement” means the State of Hawaii Department of Taxation Form N-586 pursuant to which State Credits are claimed.

“Hazardous Substances” has the meaning set forth in Section 16.07(h).

“Hazardous Waste Laws” has the meaning set forth in Section 16.07(h).

“Housing Authority Purchase Option” means the Purchase Option and Right of First Refusal Agreement between the Partnership, the General Partner, and the Housing Authority and consented to by the Limited Partner, Special Limited Partner, and the State Limited Partner.

“HPHA Loan” refers to the Project Loan designated as the HPHA Loan on **Exhibit B** attached hereto.

“Imputed Underpayment” has the meaning set forth in Section 6225 of the Code.

“In Balance” means, as determined by the Limited Partner in its reasonable discretion that the then undisbursed portion of the Limited Partner’s Capital Contribution, the State Limited Partner’s Capital Contribution, together with the undisbursed portion of Project Loans and the General Partner’s Capital Contribution and the GP Loan, all other funds of the Partnership by the Partnership on a cash basis and other loans available on a timely basis to meet the construction costs as incurred, equal or exceeds the amount necessary for the timely and full payment of (i) all work done and not theretofore paid for or to be done in connection with the completion of the construction of the Project in accordance with the Plans and Specifications, including the installation of all fixtures and equipment required for operation of the Project, and (ii) all other costs, including marketing and lease-up expenses, incurred and not theretofore paid for, or to be incurred in connection with the development of the Project (to the extent revenues will not, in Limited Partner’s reasonable judgment, be sufficient for the timely and full payment of such costs and expenses). Minor differences in timing of expected funding, in the Special Limited Partner’s reasonable discretion, shall not cause the Partnership to fail to be In Balance.

“Incentive Management Fee” means the fee payable by the Partnership to General Partner pursuant to the Incentive Management Fee Agreement and Section 8.12 of this Agreement.

“Incentive Management Fee Agreement” means the Incentive Management Fee Agreement between the Partnership and the General Partner of even date herewith for the General Partner’s services in managing the business of the Partnership for the period from the date hereof throughout the term of the Partnership and attached hereto as **Exhibit H**.

“Initial Closing” means the date which is the later of (a) the effective date of this Agreement, (b) the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder, and the Partnership takes leasehold title to the Land, or (c) the date that the Limited Partner, Special Limited Partner and the State Limited Partner deliver to the General Partner the executed signature pages of this Agreement. The Initial Closing is anticipated to occur on or before August [___], 2025.

“Interest” or “Partnership Interest” means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of said Act.

“Land” means the tract of land located in Honolulu, Hawaii to be leased by the Partnership subject to the Ground Lease and Condominium Governing Documents upon which the Project will be located, as more particularly described in the Title Policy.

“Late Delivery Adjustments” means collectively, the Late Federal Delivery Adjustment and the Late State Delivery Adjustment.

“Late Federal Delivery Adjustment” has the meaning set forth in Section 5.01(g).

“Late State Delivery Adjustment” has the meaning set forth in Section 5.01(g).

“Lessor” means the Housing Authority in its capacity as lessor under the Ground Lease.

“Limited Partner” means, initially, RBC Community Investments, LLC and any assignee of its interest permitted or Consented to hereunder (including, without limitation, a Fund). The term “Limited Partner” does not include the Class B Limited Partner nor the State Limited Partner.

“Limited Partners” means, collectively, the Limited Partner and the Special Limited Partner (and not the Class B Limited Partner and not the State Limited Partner).

“Liquidator” means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

“Losses” has the meaning set forth in the definition of “Profits” and “Losses.”

“Low-Income Units” means the units within the Project that shall be subject to the rent and income restrictions of Section 42 of the Code and are sufficient for the Partnership to receive the Projected Federal Credits and the Projected State Credits. It is anticipated that there will be 304 Low-Income Units (including the two units at the Project reserved for the on-site property managers).

“LP FMV Put” has the meaning set forth in Section 8.03(d).

“LP Loans” means the loans which may be made by the Limited Partner to the Partnership pursuant to Section 5.08(a) hereof, including any accrued interest thereon.

“Management Agent” means the management and rental agent for the Project designated pursuant to Section 8.14.

“Management Agreement” means the agreement between the Partnership and the Management Agent providing for the marketing and management of the Project by the Management Agent.

“Master Development Agreement” means that certain Amended and Restated Master Development Agreement by and between the Housing Authority and The Michaels Development Company I, L.P., dated July 8, 2020, as such agreement was assigned to HCDC Kuhio Park 1 LLC for the development of the Project and dated on or about the date hereof.

“Minimum Gain” means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Partnership if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The

Partnership has selected or will select the “40–60 test” as set forth in Code Section 42(g)(1) to require at least 40% of the units in each building of the Project be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

“Negative Adjustment” has the meaning set forth in Section 5.01(g)(iv).

“Net Cash Flow” means:

(a) the sum of:

(i) all cash received from rents, lease payments and all other sources, but **excluding**

(A) tenant security or other deposits (except to the extent forfeited to the Partnership),

(B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow),

(C) proceeds from Capital Transactions, and

(D) interest on reserves not available for distribution,

(ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not used for rebuilding of the Project, and

(iii) any other funds deemed available for distribution by the General Partner with the approval of the Project Lenders, if required, and the Special Limited Partner;

(b) less the sum of:

(i) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), **including** the management fee payable to the Management Agent,

(ii) all payments on account of any loans made to the Partnership (whether such loan is made by a Partner or otherwise), but not including any amounts to be paid pursuant to the Development Agreement, the Incentive Management Fee Agreement or pursuant to any loans made by any Partners or fees payable to Partners where repayment of such loans or the payment of such fees is to be made out of Net Cash Flow, including, without limitation, the Housing Authority Asset Management Fee, the Asset Management Fee, the State Management Fee, and the Partnership Management Fee, and

(iii) any deposits to cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, or for other purposes as may be required by the terms of this Agreement or the Project Loan Documents, in such amounts as may be required by the Project Lenders or the Special Limited Partner, or as may be determined

from time to time by the General Partner with the Consent of the Special Limited Partner and the approval of the Project Lenders, if required, to be advisable for the operation of the Partnership.

“Net Projected Tax Liabilities” means, as determined by the Accountants, based on the Partnership's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the “Projected Tax Liabilities”) of the General Partner, the Special Limited Partner, the State Limited Partner, the Class B Limited Partner, the Limited Partner, and their respective partners and members, if any (collectively, the “Partnership Taxpayers”), for any and all federal, state and local taxes, including any recapture of prior Tax Credits and/or State Housing Tax Credits, to be imposed on the Partnership Taxpayers by reason of all Capital Transactions of the Partnership from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Partnership (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed), and any liquidation of the Partnership [provided however, that with respect to the Limited Partners such Projected Tax Liabilities shall be limited to those taxes payable solely to the extent resulting from a negative Capital Account balance of the Limited Partners upon such Capital Transaction or liquidation that exceeds the negative Capital Account balance of the Limited Partners (together with any transfer tax or similar tax) projected in the Projections as of the Initial Closing—open for comment]. Notwithstanding the foregoing, (i) Projected Tax Liabilities shall not include any taxes payable on any fee income received by any said Partner as part of any distribution of proceeds from a Capital Transaction, and (ii) for the purposes of determining the purchase price for the Limited Partners’ Interests pursuant to the Purchase Option, the General Partner’s Net Projected Tax Liability will be deemed to be zero. Such projections of liabilities shall estimate the applicable tax rate or rates for the General Partner (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Special Limited Partner's, State Limited Partner's, and Limited Partner's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur. [Notwithstanding the foregoing, a Partner’s Net Projected Tax Liabilities shall be reduced to the extent of any proceeds received by such Partner pursuant to Sections 11.04(e), (f) and (g) – open for comment.]

“Nonrecourse Debt” means any Partnership liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

“Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

“Notice” means a writing containing the information required by this Agreement to be communicated to a Partner and sent either (i) by express courier, or by registered or certified mail, with postage prepaid and return receipt requested, to such Partner at such Partner's address as specified pursuant to Section 16.09, the date of receipt thereof (or the next Business Day if the date of receipt is not a Business Day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice, or (ii) by electronic mail to such Partner’s electronic mail (email) address as specified pursuant to Section 16.09, with the date of such Notice being deemed the date that such electronic mail was sent,

and provided that such Notice shall not be effective in the event the party sending such Notice receives a notice of non-delivery, such as an email “bounce back” notice, with respect to such Notice; and provided, however, that any written communication containing such information sent to such Partner actually received by such Partner shall constitute Notice for all purposes of this Agreement.

“Off-Site Improvements” means the [_____].

“Operating Deficit” means the amount by which:

(a) the gross receipts of the Partnership from rental payments made by tenants of the Project, and all other income and receipts of the Partnership (including, if applicable, public subsidy payments if actually received) **other than:**

(i) tenant security deposits not applied toward tenant rents,

(ii) insurance proceeds (other than for rent loss),

(iii) proceeds of any loans to the Partnership,

(iv) Capital Contributions, and

(v) investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time,

(b) is exceeded by the sum of:

(i) all the operating expenses, **including**

(A) all required debt service,

(B) repairs and maintenance (to the extent not funded by draws from the Reserve Fund for Replacements made in accordance with the terms of this Agreement),

(C) required deposits into the Reserve Fund for Replacements (or any other required reserves),

(D) any fees to the Project Lenders and/or any applicable mortgage insurance premium payments,

(E) all capital expenditures (to the extent not funded by draws from the Reserve Fund for Replacements made in accordance with the terms of this Agreement), and

(F) all other Partnership obligations or expenditures required to be paid at such time as payment is due and owing,

(ii) **but excluding**

(A) payments for construction of the Project,

(B) Asset Management Fees, the Partnership Management Fee, and any other fees payable solely from Cash Flow, and

(C) fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner and the State Limited Partner to the Partnership pursuant to this Agreement during the same period of time.

“Operating Deficit Guaranty” has the meaning set forth in Section 8.10(b) of this Agreement.

“Operating Deficit Guaranty Cap” has the meaning set forth in Section 8.10(b) of this Agreement.

“Operating Deficit Loan” has the meaning set forth in Section 8.10(b) of this Agreement.

“Operating Reserve” means the reserve referred to in Section 4.02(m) of this Agreement.

“Operating Reserve Minimum” has the meaning set forth in Section 4.02(m) of this Agreement.

“Partner” means any General Partner, Limited Partner, State Limited Partner, Class B Limited Partner, or Special Limited Partner.

“Partner Nonrecourse Debt” means any Nonrecourse Debt (or portion thereof) for which a Partner or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

“Partner Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

“Partnership” has the meaning set forth in the first WHEREAS clause above.

“Partnership Adjustment” means any adjustment to any item of income, gain, loss, deduction, or credit of the Partnership, or any Partner’s distributive share thereof, in either case as described in any applicable Treasury Regulations or other guidance prescribed by the IRS.

“Partnership Management Fee” has the meaning set forth in Section 8.20 of this Agreement.

“Partnership Representative” has the meaning set forth in Section 11.08 of this Agreement.

“Payment Date” means the date which is 90 days after the end of the Partnership’s fiscal year with respect to the preceding fiscal year.

“Percent Completion” means the percentage of physical completion of the construction of the Project as certified by the Architect after inspection of the Project.

“Percentage Interest” means the percentage Interest of each Partner as set forth in Sections 5.01(a) and (c).

“Permanent Loan” collectively refers to those Project Loans designated as a “Permanent Loan” on **Exhibit B** attached hereto.

“Permanent Tax-Exempt Loan Amount” shall be an amount equal to the lesser of (i) \$[38,432,672] or (ii) the amount as is necessary to cause the Tax-Exempt Loan to achieve a minimum Debt Service Coverage Ratio of not less than 1.15 to 1.0 [for the duration of the Compliance Period, calculated at Conversion] in the sole, reasonable discretion of the Special Limited Partner. [Notwithstanding the foregoing, the General Partner shall have the right to obtain a Permanent Tax-Exempt Loan Amount concurrent with Conversion to its permanent phase that does not exceed \$[_____], provided the Tax Exempt Loan can achieve a Debt Service Coverage Ratio of not less than a 1.15 to 1.0 for the duration of the Compliance Period in the sole, reasonable discretion of the Special Limited Partner, using the following assumptions: (i) the greater of actual gross potential rent based on lease charges and actual other income or underwritten gross potential rent based on lease charges and projected other income, if any, (ii) the vacancy rates used in the definition of Final Closing, and (iii) the greater of actual or underwritten operating expense amount used in the definition of Debt Service Coverage Ratio.]

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Plans and Specifications” means the plans and specifications for the Project prepared by the Architect, approved in writing by the Limited Partner and as listed on **Exhibit E** hereto.

“Positive Federal Adjustment.” has the meaning set forth in Section 5.01(g)(iv).

“Positive State Adjustment” has the meaning set forth in Section 5.01(g)(iv).

“Post Closing Agreement” means the agreement between the Limited Partner, the State Limited Partner, the Special Limited Partner and the General Partner that details those obligations that the General Partner was to have satisfied as a condition to Initial Closing but that the Limited Partner, the State Limited Partner, and the Special Limited Partner have Consented, in their sole discretion, may be satisfied after Initial Closing but within the time specified in the Post Closing Agreement and attached hereto as **Exhibit J**.

“Prime Rate” means a floating daily variable rate of interest announced from time to time by the Royal Bank of Canada, or its successor, if applicable, as its “US Prime Rate,” without reference to prime interest rates of any other financial institutions. The prime rate may not necessarily be the lowest rate of interest charged by the Royal Bank of Canada to any of its customers. Any change in the Prime Rate for purposes of this Agreement shall take effect on the day of the Royal Bank of Canada’s change in its Prime Rate.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the

Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Partnership asset shall be taken into account as gain or loss from the disposition of such Partnership asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Partnership asset, notwithstanding that the adjusted tax basis of such Partnership asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(a), (d) through (j) and (n) and Section 12.02(b) shall not be taken into account in computing Profits or Losses.

“Project” means the Land and the 304-unit multifamily housing development (including two management staff units) contained in four (4) buildings and other improvements to be constructed or rehabilitated and ground leased to and operated thereon by the Partnership, and to be known as Kuhio Low Rises Park Phase 1.

“Project Documents” means and includes this Agreement (and all exhibits hereto), the Management Agreement, the Ground Lease, Housing Authority Purchase Option, AHAP Contract, HAP Contract, Subdevelopment Fee Agreement, Master Development Agreement, Subdevelopment Fee Agreement, social or supportive services agreements, Condominium Governing Documents, the Construction Contract, the agreement between the Partnership and the Architect, documentation regarding any tax abatement or exemption (including, without limitation, the Property Tax Exemption), the Plans and Specifications, the Project Loan Documents, Regulatory Agreement, Extended Use Agreement, the documents set forth in the Title Policy, and all instruments delivered to (or required by) the Project Lenders or the Agency to the extent not otherwise listed in this definition.

“Project Lender” means any lender in its capacity as a lender of one of the Project Loans, or its successors and assigns in such capacity, acting through any authorized representative.

“Project Loans” means those loans set forth and described on **Exhibit B** hereto, the terms of which shall not be modified or amended without the Consent of the Special Limited Partner in its sole and absolute discretion.

“Project Loan Documents” means all commitment letters, notes, mortgages, deeds of trust, loan agreements and other documents evidencing or securing a Project Loan.

“Project State” means the state in which the Project is located.

“Projected Credits” means, collectively, the Projected Federal Credits and the Projected State Credits.

“Projected Federal Credits” means, for any period of time, [99.979]% of the Federal Housing Tax Credits for the Partnership that the General Partner has projected will be available to the Limited Partner for such period of time and the 0.01% of the Federal Housing Tax Credits for the Partnership that the General Partner has projected will be available to the State Limited Partner for such period of time.

“Projected State Credits” means, for any period of time, the total amount of the State Housing Tax Credits that the General Partner has projected will be available to the State Limited Partner representing 100% of the aggregate State Housing Tax Credits for the Partnership and its Partners for such period of time.

“Projections” means the construction, development and financing budget for the construction, development and financing of the Project, including without limitation the construction or rehabilitation of all improvements, the furnishing of all personalty in connection therewith, and the operation of the Project, which Projections are attached hereto as Exhibit A, and any amendments thereto made with the Consent of the Special Limited Partner in its sole and absolute discretion. The Projections shall also include (i) a calculation of the Projected Federal Credits and the Projected State Credits for the Credit Period for the Project indicating the assumptions regarding basis which underlie such calculation, (ii) a capital account and minimum gain analysis, (iii) an operations budget, (iv) a debt/value analysis, and (v) such other items as may be requested by the Limited Partner or Special Limited Partner.

“Property Tax Exemption” means a real property tax exemption for the Project pursuant to Sections 8-10.20 and 8-10.21 of the Revised Ordinances of Honolulu, Hawaii, or any successor statute thereto.

“Property Tax Rules” means the rules and regulations of Sections 8-10.20 and 8-10.21 of the Revised Ordinances of Honolulu, Hawaii.

“Purchase Option Agreement” means the Purchase Option Agreement between the Partnership, the General Partner, Limited Partner, State Limited Partner, and Special Limited Partner, of even date herewith, granting to General Partner a purchase option with respect to the Project and the Interest of the Limited Partner, the Special Limited Partner, the State Limited Partner, and the General Partner (as applicable) attached hereto as Exhibit I.

“Push-Out Election” has the meaning set forth in Section 11.08(b) of this Agreement.

“Qualified Occupancy” means the achievement of initial occupancy of each and every Low-Income Unit in the Project by a Qualified Tenant. The General Partner, if requested by the Limited Partner or State Limited Partner, shall demonstrate such occupancy by submitting to the Limited Partner and State Limited Partner certified rent rolls and initial tenant files. General Partner will use reasonable efforts to submit tenant files to the Accountants for review promptly after tenant move-in. If General Partner fails to respond within 60 days to a written request for information from State Limited Partner regarding tenant compliance with affordability restrictions, State Limited Partner may contact the Management Agent directly regarding such information

“Qualified Tenant” shall mean a tenant under an executed lease of at least six months who at the time of his or her initial occupancy of the Project satisfies the (i) Rent Restriction Test and (ii) Minimum Set-Aside Test.

“Recapture Amount” has the meaning set forth in Section 11.02(c).

“Regulatory Agreement” means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions entered into between the Partnership and any Project Lender or any applicable government agency prior to, at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

“Release Date” means the later of:

- (a) the fifth anniversary of the Stabilization Date,
- (b) the date the Project has achieved an average Debt Service Coverage Ratio of 1.15 to 1.0 for the 12-month period immediately prior to the Release Date, and
- (c) the date the Project has achieved a Debt Service Coverage Ratio of 1.15 to 1.0 for each of the 3 months immediately prior to the Release Date.

“Rent Restriction Test” means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Project (excluding the management staff unit) cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

“Reserve Fund for Replacements” means the cash funded reserve for replacements required pursuant to Section 4.02(l).

“Reviewed Year” means the Partnership taxable year to which a Partnership Adjustment relates.

“Reviewed Year Partner” means any Person who held an interest in the Partnership at any time during the Reviewed Year.

“Revised Partnership Audit Rules” means Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 and the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113), and the Treasury Regulations promulgated thereunder, as amended from time to time.

“RHRF Loan” refers to the Project Loan designated as the RHRF Loan on **Exhibit B** attached hereto.

“Second Capital Contribution” means the Second Capital Contribution pursuant to Exhibit K.

“Service” means the Internal Revenue Service.

“Soils Report” means [_____].

“Special Additional Capital Contribution” means the Special Additional Capital Contributions of the Limited Partner or State Limited Partner under Section 5.01(f).

“Special Limited Partner” means RBC Community Investments Manager II, Inc., a Delaware corporation, or its assignee and any Person who becomes a Special Limited Partner as provided herein, in its capacity as a special limited partner of the Partnership.

“Stabilization Date” means the first day of the month following a 3-month period (such 3 month period to commence no earlier than 3 months prior to Final Closing) during which the Project has maintained a Debt Service Coverage Ratio of 1.15 to 1.0 for each of the three months calculated individually. The General Partner shall provide the Special Limited Partner with the Accountant’s certification as to the Stabilization Date with an accompanying unaudited balance sheet of the Partnership indicating that all trade payables have been satisfied (or with respect to trade payables within 60 days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Partnership shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the Consent of the Special Limited Partner. Notwithstanding the foregoing, in no event shall the Stabilization Date occur prior to Final Closing.

“State Asset Management Fee” means that certain asset management fee to be paid to the State Limited Partner in accordance with Section 13.04(j)(v).

“State of Formation” means the State of Hawaii.

“State Housing Tax Credits” means any Hawaii state low-income housing tax credits under Section 235-110.8 of the Hawaii Revised Statutes and Hawaii law, as amended from time to time.

“State Limited Partner” means Berkadia Kuhio Park Low-Rise MTE LLC, a Delaware limited liability company, in its capacity as a State Limited Partner of the Partnership.

“State Tax Credit Compliance Guaranty” has the meaning set forth in Section 8.10(e).

“State Tax Credit Recapture Event” means (a) the filing of a tax return or an amended return by the Partnership evidencing a reduction in the qualified basis of the Project causing a recapture of State Housing Tax Credits previously allocated to the State Limited Partner, (b) a reduction in the qualified basis of the Project following an audit by the Agency which State Limited Partner with respect to any State Housing Tax Credits previously claimed in connection with the Project, unless the Partnership shall timely file a petition with respect to such deficiency with the appropriate court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, or (c) a decision by such appropriate court of competent jurisdiction upholding the assessment of such deficiency against the Partnership or the State Limited Partner with respect to any State Housing Tax Credits previously claimed in connection with the Project, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal.

“State Tax Credit Shortfall” means, for any period of time, the difference between the Certified State Credits for such period of time and the Actual State Credits for such period of time. For purposes of determining the amount of the State Tax Credit Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(g) because of a Late State Delivery

Adjustment, the State Tax Credit Shortfall for such period of time shall be reduced by the Late State Delivery Adjustment.

“Subdevelopment Fee Agreement” by and between the Developer and the Housing Authority, dated August [], 2025 whereby the Developer agreed to subcontract to the Housing Authority certain services with respect to the Project.

“Substantial Completion” means the date that the Partnership receives:

- (a) the Architect's certificate of substantial completion (using AIA Form G704 or such other form approved by the Special Limited Partner),
- (b) satisfaction or waiver of the physical inspection of the Project by the Special Limited Partner as set forth below,
- (c) all necessary permanent certificates of occupancy (or temporary certificates of occupancy which contain conditions or qualifications which are Consented to by the Special Limited Partner) from the applicable governmental jurisdiction(s) or authority(ies) to permit lawful occupancy of one hundred percent (100%) of the apartment units in the Project [and a certificate of completion (or jurisdictional equivalent) from the applicable governmental jurisdiction(s) or authority(ies) for the Off-Site Improvements], and
- (d) evidence that all necessary and appropriate fixtures, equipment and personal property have been installed in the Project.

Provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to the Partnership's title to the Land and the Project exist, other than (i) those securing such Project Loan, (ii) liens Consented to by the Special Limited Partner, and (iii) liens that are being contested in good faith on terms and conditions reasonably acceptable to the Special Limited Partner, provided, however, such conditions may include the General Partner's obligation to cause the Partnership to bond over such liens to the Special Limited Partner's satisfaction.

Any representation submitted by the General Partner that Substantial Completion has occurred shall be subject to confirmation by the Special Limited Partner pursuant to a physical inspection of the Project conducted by the Special Limited Partner or the Construction Inspector; provided, however, in the event such physical inspection of the Project does not occur within ten (10) Business Days after having received any such General Partner's representation, then the Special Limited Partner will be deemed to have waived the physical inspection requirement.

“Substitute Limited Partner” means any Person admitted to the Partnership as a Limited Partner or State Limited Partner pursuant to Section 9.02.

“Substitute State Limited Partner” means any Person admitted to the Partnership as a State Credit Limited Partner pursuant to Section 9.02.

“Surplus Cash” means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of the Agency, is permitted to be distributed to the Partners.

“Tax Credit” means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

“Tax Credit Compliance Guaranty” has the meaning set forth in Section 8.10(c).

“Tax Credit Recapture Event” means (a) the filing of a tax return, an Administrative Adjustment Request, IRS Forms 8985 or 8986 or an amended return by the Partnership evidencing a reduction in the qualified basis of the Project causing a recapture of Tax Credits previously allocated to the Limited Partner and/or the State Limited Partner, (b) a reduction in the qualified basis of the Project following an audit by the Service which results in the assessment of a deficiency by the Service against the Partnership, the State Limited Partner or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Project, unless the Partnership shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Partnership, the State Limited Partner or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Project, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

“Tax Credit Shortfall” means, for any period of time, the difference between the Certified Federal Credits for such period of time and the Actual Federal Credits for such period of time. For purposes of determining the amount of the Tax Credit Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(g) because of a Late Federal Delivery Adjustment, the Tax Credit Shortfall for such period of time shall be reduced by the Late Federal Delivery Adjustment.

“Taxes” means any tax, penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code.

“Tax-Exempt Loan” means that certain loan from the Governmental Lender in the maximum amount of \$[107,710,000] all as more particularly described on **Exhibit B**.

“Tax-Exempt Note” means that certain tax-exempt multifamily housing revenue note designated as \$[107,710,000] Multifamily Housing Revenue Governmental Lender Note (Kuhio Park Low Rises Phase 1) Series 2025A.

“Third Capital Contribution” means the Third Capital Contribution pursuant to **Exhibit K**.

“Title Company” means Old Republic Title Insurance Company.

“Title Policy” means an owner's leasehold title insurance policy issued by the Title Company in an amount equal to the total development costs for the Project, in favor of the Partnership, issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are

Consented to by the Special Limited Partner and with such endorsements to such policy as the Special Limited Partner may reasonably request and that are generally available in the jurisdiction in which the Project is located and with date down endorsements (as more fully described in and delivered at the times set forth in **Exhibit K** and Article IX of this Agreement).

“**Unpaid State Tax Credit Shortfall**” means the outstanding amount of any State Tax Credit Shortfall and any unpaid amount due to the State Limited Partner as a result of a State Tax Credit Recapture Event for all the fiscal years of the Partnership, reduced by any amounts distributed to the State Limited Partner pursuant to Sections 8.10(e), 11.03(b)(i) and 11.04(d)(i) of this Agreement. The Unpaid State Tax Credit Shortfall shall bear interest at the “long-term applicable Federal rate” (as defined in Section 1274 of the Code) determined as of the date of the State Limited Partner's Final Capital Contribution, compounded monthly.

“**Unpaid Tax Credit Shortfall**” means the outstanding amount of any Tax Credit Shortfall and any unpaid amount due to the Limited Partner and/or the State Limited Partner as a result of a Tax Credit Recapture Event for all the fiscal years of the Partnership, reduced by any amounts distributed to the Limited Partner and/or the State Limited Partner pursuant to Sections 8.10(c), 11.03(b)(i) and 11.04(d)(i) of this Agreement. The Unpaid Tax Credit Shortfall shall bear interest at the “long-term applicable Federal rate” (as defined in Section 1274 of the Code) determined as of the date of the Limited Partner's Final Capital Contribution, compounded monthly.

“**Upward Capital Adjustments**” shall mean the sum of the Upward Federal Capital Adjustment and the Upward State Capital Adjustment.

“**Upward Federal Capital Adjustment**” has the meaning set forth in Section 5.01(g).

“**Upward Federal Capital Adjustment Cap**” has the meaning set forth in Section 5.01(g).

“**Upward State Capital Adjustment**” has the meaning set forth in Section 5.01(g).

“**Upward State LP Capital Adjustment Cap**” has the meaning set forth in Section 5.01(g).

“**Withdrawing Limited Partner**” means Victoria Capital, LLC, a California limited liability company.

ARTICLE III **PURPOSE AND BUSINESS OF THE PARTNERSHIP**

3.01 **Purpose of the Partnership.** The Partnership has been organized exclusively to acquire a leasehold interest in the Land and the Project, and to develop, finance, construct, rehabilitate, own, maintain, operate and sell or otherwise dispose of the Project, in order to obtain long-term appreciation, cash income, Tax Credits, State Housing Tax Credits and tax losses.

3.02 **Authority of the Partnership.** In order to carry out its purpose, the Partnership is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Partnership, including but not limited to the following:

- (a) enter into the Ground Lease;
- (b) construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;
- (c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement, the Project Loan Documents and such other governmental laws, regulations and rules as may be applicable from time to time, so long as the Extended Use Agreement, the Regulatory Agreement, and the Project Loan Documents, as applicable, and such other governmental laws, regulations and rules as may be applicable from time to time, remain(s) in force;
- (d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Partnership, including, without limitation, the Project Documents;
- (e) borrow money and issue evidences of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that the Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Partnership and the Partners shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for usual and customary recourse liabilities associated with fraud, misrepresentation, misuse of insurance proceeds or other liabilities specified in the Project Loan documents for which the Special Limited Partner has provided its Consent (collectively, the “Carveouts”);
- (f) maintain and operate the Project, including hiring the Management Agent and entering into any agreement for the management of the Project during its rent-up and after its rent-up period;
- (g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Partnership, or for the refinancing of any mortgage loan on the property of the Partnership;
- (h) enter into the Project Loan Documents, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;
- (i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to Tax Credits and State Housing Tax Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the

Partners, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Partnership business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Project and the Partnership. As of the date hereof, the General Partner, as to itself, hereby represents, warrants and covenants to the Partnership and to the Partners as follows:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the General Partner and the performance by the General Partner of the transactions contemplated hereby have been duly authorized by all requisite corporate, limited liability company, partnership or trust actions or proceedings. General Partner is duly organized, validly existing and in good standing under the laws of the State of Formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Construction of Project. The construction or rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner, free from liens, in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, (iii) the application to the Agency and any other representations made to, or agreements made with the Agency (including any agreements, thereto approved by the Agency to the extent required), and (iv) the Plans and Specifications of the Project that have been or shall be hereafter Consented to by the Special Limited Partner, and, if required, the Project Lenders and any applicable governmental entities.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of construction and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable Authorities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently or will be available and will be operating properly and in sufficient capacity for all units in the Project at the time of first occupancy of such units.

(e) Title Insurance, Title to Project, Taxes and Assessments. The Title Policy will be issued at or prior to the Initial Closing. Good and marketable leasehold title to the Land will be held by the Partnership as of Initial Closing. The General Partner has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership lacking title insurance coverage based on imputation of knowledge of the General Partner to

the Partnership. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Project.

(f) Non-Recourse Loans. At and after Final Closing, there shall be no direct or indirect personal liability of the Partnership, any of the Partners, or any Affiliates of the Partnership or Partners for the repayment of the principal of or payment of interest on any Project Loan (unless otherwise specifically referenced on Exhibit B hereto), and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the General Partner with respect to Carveouts.

(g) No Defaults. The General Partner is not aware of (i) any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, Project Loan, or other commitment, or (ii) of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the General Partner, the Project or the Partnership, or related to the business or assets of the General Partner, the Project or Partnership, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the General Partner, the Project or the Partnership.

(h) No Violation. The execution and delivery of the Project Documents, the incurrence of the obligations set forth in any of the Project Documents, and the consummation of the transactions contemplated by any of the Project Documents do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or the General Partner or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the General Partner is a party or by which the Partnership, General Partner or the Project is affected, and are not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project.

(i) Construction Contract, Plans and Specifications and Project Loan Documents. The Construction Contract has been entered into between the Partnership and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract or as evidenced by change orders. In addition, no consideration or fee shall be paid to the Developer or General Partner by the Contractor. The General Partner has delivered to the Class B Limited Partner, Limited Partner and the State Limited Partner the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all Project Loan Documents and any other information which is relevant to the construction and development of the Project.

(j) Performance Bond; Letter of Credit. To the extent required by the Project Lenders and the Limited Partner, either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Limited Partner, and in amounts satisfactory to the Project Lenders

and the Limited Partner, or (ii) a letter of credit in an amount of not less than 15% of the amount of the Construction Contract, and in a form, and from an issuer satisfactory to the Project Lenders and the Limited Partner, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Limited Partner; in the alternative, the obligations of the Contractor will be guaranteed by the General Partner and the Guarantor and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Limited Partner. The General Partner shall establish a construction contingency account outside of the Construction Contract in an amount equal to no less than 5% of the total costs of the amount of the Construction Contract. Disbursements from such contingency account shall require the Consent of the Special Limited Partner.

(k) Insurance. The General Partner shall cause the Partnership to obtain and maintain insurance in accordance with the requirements of **Exhibit C** attached hereto.

(l) No Undisclosed Financial Responsibilities. Neither the Partnership, nor the General Partner, either individually or on behalf of the Partnership, has incurred any financial responsibility with respect to the Project prior to Initial Closing, other than (i) that disclosed to the Limited Partner in writing prior to the Initial Closing, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Special Limited Partner otherwise Consents in its sole and absolute discretion, the Partnership has not received and shall not receive, any grants in connection with the construction or operation of the Project. As of the date hereof and hereafter continuously, unless the Special Limited Partner otherwise Consents in its sole and absolute discretion, or unless otherwise specifically provided for herein, the only indebtedness of the Partnership with respect to the Project is the Project Loans. Without limiting the generality of the foregoing, neither the General Partner, any of its Affiliates, nor the Partnership, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loans) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees, or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan. The financial statements and other financial data delivered to the Limited Partner in connection with the Project, General Partner, Developer and Guarantor are true, complete and accurate in all material respects. No material adverse change has occurred in any such entity's financial position since the date of the financial statements and financial data last delivered to the Limited Partner. The fair market value of the Project, taking into account the availability of the Tax Credits and below-market financing, once construction has been completed exceeds the total amount of indebtedness, including accrued interest thereon, encumbering the Project and is expected to do so throughout the term of such indebtedness. All Project Loans require the non-contingent repayment of principal on or before a fixed maturity date, and the General Partner expects, to the best of its knowledge, that each Project Loan will be considered and treated as a loan by the respective lender. The General Partner expects that the Project Loans as described in **Exhibit B** will be repaid as projected in the Projections and that, following Conversion, the Partnership's operating revenues will be sufficient to pay all Partnership operating expenses, including without limitation, all must-pay debt service payments on Project Loans. There are no formal or informal arrangements allowing for or contemplating the forgiveness of any of the Project Loans.

(m) Valid Partnership; Power of Authority. The Partnership is and will continue to be a valid limited partnership, duly organized under the laws of the State of Formation, and shall have and shall continue to have full power and authority to acquire a leasehold interest in the Land and to develop, construct, rehabilitate, operate and maintain the Project in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partners and State Limited Partner and to enable the Partnership to engage in its business.

(n) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Limited Partner is a Limited Partner, be placed upon the sale or refinancing of the Project.

(o) Projected Federal Credits; Projected State Credits; Projections. The Federal Housing Tax Credits that the General Partner has projected will be available to the Partnership during the Credit Period are \$[102,808,130]. The Projected Federal Credits for the Credit Period are \$[102,796,821]. The State Housing Tax Credits that the General Partner has projected will be available to the Partnership during the Credit Period are \$[51,404,065]. The Projected State Credits for the Credit Period are \$[51,404,065]. The Projected Federal Credits and the Projected State Credits for the Credit Period are based upon the General Partner's representation that 100% of the residential units in the Project (excluding the one management staff unit) will be occupied by Qualified Tenants throughout the Credit Period. Further, there is and at all times shall continue to be sufficient eligible basis (as defined in Section 42(d) of the Code) to provide the full amount of the Projected Federal Credits and Projected State Credits during the applicable Credit Period. The "applicable fraction" as defined and calculated in accordance with the provisions of Section 42(c)(B) of the Code, shall not be less than the fraction needed to provide the full amount of the Projected Credits during the Credit Period. Based upon the actual knowledge of the General Partner, the assumptions used in the Projections attached hereto as Exhibit A are reasonable and the General Partner has no knowledge that any assumption or calculation set forth therein is misrepresented or misstated. Without limiting the foregoing, to the best of General Partner's knowledge, (i) the Projections accurately reflect the initial rents anticipated to be charged to Project tenants and the anticipated lease-up schedule of the Project, (ii) the Projections accurately reflect the fees payable to the Management Agent and the Developer, (iii) the Projections accurately reflect the repayment terms of all loans, (iv) the Projections accurately reflect the delivery of Tax Credits to the Partnership and the Partners, (v) the Projections accurately reflect all loans, grants and capital contributions to be made to the Partnership in connection with the Project, (vi) the Projections accurately allocate the anticipated Development Costs between non-depreciable and depreciable costs, and (vii) no portion of the Incentive Management Fee or Development Fee is allocable to the organization of the Partnership, to the sale of any interests in the Partnership, or to any permanent financing arrangements.

(p) Compliance with Agreements. To the best of its knowledge after due inquiry, at the time of the Initial Closing, the General Partner, either individually or on behalf of the Partnership, has complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the acquisition of a leasehold interest in the Land and the development, financing and operation of the Project; it shall take, and/or

cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(q) Intentionally Deleted.

(r) Applicable Income and Rent Restrictions. The Project is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits under Section 42 of the Code and State Housing Tax Credits under Section 235-110.8 of the Hawaii Revised Statutes and Hawaii law. The Partnership will comply with the Minimum Set-Aside Test; the Project is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Project will be rent and income restricted in order to generate the full amount of the Projected Federal Credits and Projected State Credits during the applicable Credit Period. Additionally, 160 of the residential units in the Project will be affordable to households with incomes at or below 60% of the area median income and occupied by households with incomes at or below 60% of the area median income. Additionally, 114 of the residential units in the Project will be affordable to households with incomes at or below 40% of the area median income and occupied by households with incomes at or below 40% of the area median income. Additionally, 28 of the residential units in the Project will be affordable to households with incomes at or below 30% of the area median income and occupied by households with incomes at or below 30% of the area median income.

(s) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 65 years.

(t) Ownership of General Partner. HCDC Hawaii Development LLC, a Hawaii limited liability company shall continue to own at all times during the term of the Partnership, one hundred percent (100%) of all classes of interests of the General Partner. Highridge Costa Development Company, LLC, a Delaware limited liability company shall continue to own at all times during the term of the Partnership, one hundred percent (100%) of all classes of interests of HCDC Hawaii Development LLC.

(u) Compliance with Federal Fair Housing Act. At all times during the term of this Agreement, the General Partner shall cause the Partnership to comply with the provisions of the Fair Housing Act of 1988, as amended, and the Fair Housing Act Design Manual implemented in connection therewith as now existing or hereafter amended or adopted, including, but not limited to, complying with any applicable provisions thereof relating to housing for the elderly.

(v) Taxpayer Certifications. On behalf of the Partnership, the General Partner will cause to be filed any and all certifications and other documents on a timely basis with the Service, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Federal Credits and Projected State Credits during the applicable Credit Period.

(w) Taxation and Limited Liability. No event has occurred that has caused, and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an “association” taxable as a corporation, rather than as a partnership; or (ii) the Limited Partner, the Special Limited Partner or the State Limited Partner to be liable for the Partnership's obligations in excess of their Capital Contributions. The Partnership has not made an election on Form 8832 to be taxed as a corporation.

(x) Tax-Exempt Use Property; Depreciation. Not more than one thousandth of one percent (0.001%) of the Project is or will be treated as “tax-exempt use property” as defined in Section 168(h) of the Code. The Class B Limited Partner is a tax-exempt entity. No portion of the Project is or will be leased to tax-exempt entities or entities that are controlled by a tax-exempt entity. Notwithstanding any provision in this Agreement to the contrary, in no event shall the Class B Limited Partner, or any of its partners or members who may be exempt from federal income taxation pursuant to Section 501(c) or any other Code provision, be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Partnership income, gain, loss, deduction, credit, basis or cash flow or sale/refinance proceeds. The General Partner shall cause the Partnership to depreciate one-hundred percent (100%) of the residential property over thirty (30) years, and the General Partner shall cause the Partnership to make an election to be treated as an “electing real property trade or business” under Section 163(j)(7)(B) of the Code. The General Partner shall also cause the Partnership to claim 100% first year bonus depreciation for site improvement and personal property under Section 168(k) of the Code. Notwithstanding the foregoing, to the extent the Service does not allow the Partnership to make the foregoing elections, the General Partner shall cause the Partnership to make such alternative elections as the Limited Partner may reasonably require.

(y) No Abusive Tax Shelter. The General Partner has not received notice from the Service that it has considered the General Partner to be involved in any abusive tax shelter and is not aware of any facts, which if known to the Service, would cause such notice to be issued.

(z) Required Consents. The Partnership has obtained all consents required for the admission of the Limited Partner, the State Limited Partner, and Special Limited Partner to the Partnership, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities. No Agency, Project Lender or other third-party consents are required for the transfer of the Limited Partner's Interest and/or the State Limited Partner's Interest to a Fund except as set forth in the Project Documents.

(aa) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings is pending or threatened against the Partnership, the General Partner, the Developer or the Guarantor. The General Partner will not permit such a Bankruptcy to occur.

(ab) Governmental Actions. To the best of the General Partner's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Partnership, the Project, the Limited Partner, the State Limited Partner, the Tax Credits or the State Housing Tax Credits; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being

levied against the Land; or (iii) result in any special assessment, being levied against or assessed upon the Land or the Project. The General Partner will promptly notify the Limited Partner and the State Limited Partner of any such official actions or plans, if and as they arise.

(ac) Moratoria; Assessments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The General Partner will promptly notify the Limited Partner and the State Limited Partner of any such actions, if and as they arise. Except as previously disclosed in writing to and Consented to by the Special Limited Partner, the completion of the improvements, construction, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ad) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Project or any portion thereof. The General Partner will keep and maintain the Project free from infestation by termites or other pests, insects, animals or other vermin. The Project conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health (including any governmental required health and safety mandates in response to pandemics or infectious diseases), fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Project where the failure to conform would result in a material adverse effect. The residential rental units in the Project will be constructed for use by the general public, will be suitable for occupancy and will be used on other than a transient basis. There will be no space in the Project that will not be used in connection with the residential rental units. All of the units in the Project will be of comparable quality standard within the meaning of Section 42(d)(3) of the Code. All of the common areas and amenities of the Project will be available to all of the units in the Project on a comparable basis, without separate charge. There will not be any medical, nursing, psychiatric, food or other additional significant services provided by the Partnership or the General Partner to the tenants of the Project. None of the tenants will own any interest in Partnership or the Project (other than each such tenant's leasehold estate) and the Project will be occupied by tenants under leases with terms of not less than six (6) months.

(ae) No Defective Soils Conditions. To the best of the General Partner's knowledge based solely on the Soils Report, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Project, and further, the soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. To the best of the General Partner's knowledge, the improvements on the Land, as built, will be or are constructed in a manner compatible

with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(af) Rights of First Refusal; Options. Except as contemplated by the Purchase Option Agreement between the Partnership and the General Partner and the Housing Authority Purchase Option between the Partnership, the General Partner and the Housing Authority, neither the General Partner nor the Partnership has entered into (nor will enter into) any contracts for the sale of the Project, the Tax Credits or State Housing Tax Credits with respect thereto, or any interest in the Project or Partnership other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the Tax Credits or the State Housing Tax Credits with respect thereto, or any Interest in the Partnership.

(ag) Securities Law Compliance. The General Partner has or will have timely complied or caused the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the Interest in the Partnership to the Limited Partner and the State Limited Partner.

(ah) Property Tax Exemption. Commencing with the year in which the Project is placed in service, and continuing in each year thereafter, the General Partner shall promptly apply for and use its best efforts to obtain the Property Tax Exemption. Subject to the terms of this Agreement, the General Partner shall take all actions necessary to qualify the Project for the Property Tax Exemption, including, without limitation, executing and filing a claim for exemption and any necessary documentation with the appropriate county assessor's office. On an annual basis upon receipt of the Property Tax Exemption for the Project, the General Partner shall deliver a copy thereof to the Special Limited Partner.

(ai) Tax-Exempt Note. The General Partner, with the Consent of the Special Limited Partner, shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that the percentage of the aggregate basis of the Land and buildings (including site improvements) financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State of Hawaii volume cap shall be not less than 50% as of Substantial Completion and to assure that at least 50% of the acquisition cost and 50% of the construction costs are financed with an obligation the interest of which is exempt from tax under Section 103 of the Code and which is within the volume cap of the State of Hawaii. The interest paid on the Tax-Exempt Note, which constitute a part of the financing of the improvements, is excludable by the recipient thereof from Federal income taxation, and the General Partner has done and performed, or caused to be done and performed, all acts and things necessary or desirable to assure that such interest is exempt; and neither the General Partner nor any other party has permitted at any time or times any of the proceeds of the Tax-Exempt Note or any other funds to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause the Tax-Exempt Note to be an arbitrage bond as defined in Section 148(a) of the Code.

(aj) Tax-Exempt Note Financing. The General Partner will not take, or permit to be taken on its behalf, any action that would cause the interest payable on the Tax-Exempt Note to be included in gross income for federal income tax purposes, and will take such action as may

be necessary in the opinion of bond counsel to the Agency to continue such exclusion from gross income including, without limitation, the following:

(i) the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, without limitation, the filing of all reports and certifications required by the Regulatory Agreement);

(ii) the timely payment to the United States of America of any rebate amount required to be paid by the Agency or the Partnership pursuant to Section 148(f) of the Code and the Treas. Regulations under Section 148; and

(iii) the use of not less than 95% of the net proceeds of the Tax-Exempt Note (within the meaning of Section 142(a) of the Code) for costs to provide a “qualified residential rental project” within the meaning of Section 142(d) of the Code that are properly chargeable to the Partnership’s capital account.

(ak) Tax-Exempt Note Not Federally Guaranteed. The Tax-Exempt Note is not “federally guaranteed” as defined in Section 149(b) of the Code.

(al) 120% Test. In accordance with Section 147(b) of the Code, the weighted average maturity of the Tax-Exempt Note does not exceed 120% of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the net proceeds of the Tax-Exempt Note, determined as the later of the date the Tax-Exempt Note is issued or the date the facilities are expected to be placed in service.

(am) No Related Purchasers. Neither the Partnership nor any General Partner, nor any related person thereto (within the meaning of Section 147(a)(2) of the Code) will purchase the Tax-Exempt Note pursuant to any arrangement, formal or informal.

(an) Section 149 Certificate. The information furnished by the Partnership and used by the Agency preparing the certificate pursuant to Section 149(e) of the Code is accurate and complete as of the date of issuance of the Tax-Exempt Note.

(ao) General Partner Representations. The General Partner hereby represents that it shall not directly invest in, participate in, own, manage, or act as a general or limited partner of any limited partnership, member or manager of any limited liability company, owner or shareholder of any corporation that directly invests in, participates in, owns or manages a transaction that is not a Section 42 Transaction. Section 42 Transaction shall be defined in as a transaction financed in whole or in part by low income housing tax credits issued pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

(ap) Condominium Governing Documents. The General Partner shall cause the Partnership to make any payments required of the Partnership under the terms of the Condominium Governing Documents, including, without limitation, assessments, and contributions to the annual operating budget for the Common Elements (as such terms are defined in the Condominium Governing Documents). Any amendment or revision to a Condominium Governing Document in existence prior to Initial Closing (which amendment or revision requires the approval of or execution by the Partnership) shall require the Consent

of the Limited Partner. Approval or execution of any Condominium Governing Document (which approval or execution requires the approval of the Partnership) shall require the Consent of the Limited Partner. Under the terms of the Condominium Governing Documents as of the Initial Closing, the consent of the Limited Partner is required for any amendments to the Condominium Declaration and Bylaws.

(aq_) Commencement Date. The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the official action of the Agency with respect to the Project, and no obligation for which reimbursement will be sought from proceeds of the Tax-Exempt Note relating to the acquisition, construction or equipping of the Project was paid or incurred prior to 60 days prior to such date.

(ar) 130% Basis Increase. The Project is located in an area designated as a “qualified census tract” by the United States Department of Housing and Urban Development for the purposes of computing the “eligible basis” of the Project pursuant to Section 42 of the Code such that the Project can take into account the 130% basis boost allowed for projects located in such qualified census tracts.

(as) 42(m) Determination. The Partnership has received a valid 42(m) Determination in an amount consistent with the amount of Projected Credits that is either (i) in full force and effect, or (ii) has been replaced by an allocation of Tax Credits in a similar amount that is in full force and effect.

(at) [Off-Site Improvements. The Off-Site Improvements are the only improvements not included in the Project that are required to be completed in order to obtain certificates of occupancy. The General Partner shall cause the Partnership to complete the Off-Site Improvements in a timely and workmanlike manner in accordance with the requirements of the Off-Site Agreement. The construction of the Off-Site Improvements has not been completed as of the date hereof, but costs to complete such work are included in the development budget. The General Partner shall not enter into any development agreement, easement agreement or escrow agreement and shall not fund any such escrow, in each case, without the Consent of the Special Limited Partner. The General Partner shall cause the Partnership to complete the Off-Site Improvements and to cause the Partnership to comply with all obligations of the Partnership related to the Off-Site Improvements, including without limitation, obtaining any temporary construction easements required for construction by the Partnership or other agreement with the City related thereto, including without limitation, payment with respect to any responsibilities, expenses or charges in connection with the Off-Site Improvements.]

(au) Anti-Corruption Law Compliance. There has been no violation by the General Partner or their respective Affiliates of Anti-Corruption Laws in connection with the execution of the Project Documents. At and after execution of the Project Documents, without limitation, the General Partner and their respective affiliates are in, and shall remain in, compliance with Anti-Corruption Laws. No action, suit or proceeding is pending or, to the General Partner’s knowledge, threatened, relating to any Anti-Corruption Laws. The General Partner shall notify the Limited Partner if any of them become aware of any violation of Anti-Corruption Laws or circumstances likely to give rise to such a violation and, upon request by

the Limited Partner, the General Partner will provide information verifying their compliance with Anti-Corruption Laws.

(av) Permitted Temporary Investments. The General Partner agrees that they will not hold or invest any excess funds of the Partnership other than in the following: 1) cash deposits (including certificates of deposits) at commercial banks; 2) obligations of the United States or any State or Municipality thereof, that have an initial or remaining term of 90 days or greater; or 3) money market mutual funds that are registered investment companies under the Investment Company Act of 1940. To the extent a General Partner seeks to invest in either (2) or (3), it agrees that it will hold such instrument for at least 90 days following such purchase prior to sale. The General Partner agrees that it will monitor any investments to cause them to comply with the aforesaid requirements and will promptly notify the Limited Partner in the case of any instances of non-compliance have been detected.

(aw) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Limited Partner and the State Limited Partner or its counsel (including, without limitation the tax certification letter dated on or about the date hereof) pursuant hereto contains or will contain any materially untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(ax) Construction Cost Uses. All construction costs as shown in the Projections are related to the residential rental units or common areas. The Project does not include any commercial space. Any site improvements included in eligible basis according to the Projections do not include any costs attributable to demolition of existing buildings, the clearing, grubbing and general grading of the land, costs of general fill dirt, [offsite improvements] or the costs of landscaping that would not be destroyed contemporaneously with the replacement of the building. The cost to the Partnership of acquiring the Project property and the costs of labor and materials in constructing the Project are not in excess of the fair market value of such acquisition, labor and materials.

(ay) Survival of Representations and Warranties. All of the representations, warranties and covenants contained herein shall be deemed to be re-made as of the date of each Capital Contribution made by the Limited Partner and State Limited Partner and shall survive the date of Final Closing and the funding date of each such Capital Contribution. The General Partner shall indemnify and hold harmless the Limited Partner and State Limited Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.02 Duties and Obligations Relating to the Project and the Partnership. The General Partner shall have the following duties and obligations with respect to the Project and the Partnership:

(a) Qualifying for Tax Credits and State Housing Tax Credits. The General Partner shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for Tax

Credits and State Housing Tax Credits, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of Service Form(s) 8609 and Hawaii Eligibility Statement, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Project (if any), (iv) Initial Closing and the Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Partnership. While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should know after due inquiry will (i) cause the termination of the Partnership for federal income tax purposes without the Consent of the Special Limited Partner or (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Good Faith of General Partner. The General Partner shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the development, operation and maintenance of the Project, and the General Partner shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership as set forth in Section 3.01.

(d) No Security Interests or Encumbrances. The General Partner shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, mortgages, deeds of trust and any security agreements executed in connection with the Project Loans or this Agreement at the request of the Special Limited Partner.

(e) Basis Adjustments. The General Partner will execute on behalf of the Partnership all documents necessary pursuant to Sections 734, 743 and 754 of the Code to elect to adjust the basis of the Partnership's property upon the request of the Limited Partner, if, in the sole opinion of the Limited Partner, such election would be advantageous to the Limited Partner, provided such election would not materially affect the General Partner and the Limited Partner shall reimburse the Partnership for any reasonable third party incremental accounting costs attributable to such election.

(f) Tax Returns and Financial Statements. The General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary, including but not limited to the Cost Segregation Study, for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Special Limited Partner with the opportunity to review and Consent to drafts of all such returns at least 20 days prior to their filing date, and will incorporate into the returns as filed the changes reasonably requested by the Special Limited Partner. In addition, the General Partner shall provide the Special Limited Partner and State Limited Partner with the opportunity to have not less than 20 days to review drafts of audited financial statements prior to their finalization and will incorporate the changes requested by the Special Limited Partner.

(g) Compliance with Governmental and Contractual Obligations. The General Partner shall comply and the General Partner shall cause the Partnership to comply with the provisions of all applicable governmental and contractual obligations. The General Partner shall comply and shall cause the Partnership to comply with the provisions of the Coronavirus Aid, Relief, and Economic Security Act, to the extent applicable to the Project, and all federal, state and local laws, statutes and requirements applicable to Project relating to pandemics generally and to COVID-19, in particular, and will cause its employees, agents, contractors, subcontractors and staff to do the same when present at the Project. Further, the General Partner shall use commercially reasonable efforts to cause tenants, invitees and licensees to do the same when present at the Project.

(h) Tax Elections. The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits that the Special Limited Partner reasonably determines are in the Limited Partner's best interest. At the direction of the Special Limited Partner, the General Partner shall elect to defer the commencement of the Credit Period for all or any portion of the Tax Credits allowable to the Partners under Section 42(f) of the Code, to the extent that any such deferral may be in the best economic interest of the Limited Partner. The Partnership shall also make all tax elections necessary to achieve the results indicated in the Projections, including an election under Section 266 of the Code as necessary in order to capitalize any of the costs listed in the Projections as includable in eligible basis. The General Partner shall cause the Partnership to report to the Limited Partner all reportable transactions under Sections 6111 and 6112 of the Code and Treas. Regulation 1.6011-4 in which the Partnership is engaged. The parties acknowledge that the Tax Cuts and Jobs Act (H.R. 1), also known as "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (the "TCJA Act") has become law. The parties agree to work together to make appropriate elections and tax return reporting choices to avoid reducing the Limited Partner's expected benefits from being a partner in the Partnership. In this regard and without limiting the foregoing, the General Partner agrees that unless directed otherwise by the Limited Partner, the Partnership shall make the election under Code Section 163(j)(7)(B) as provided in the TCJA Act to be an Electing Real Property Trade or Business. Unless directed by the Limited Partner, the General Partner will not elect out of bonus depreciation for the Project's personal property and site improvements. The Projections reflect the so-called bonus depreciation of 100% as made available under Section 168(k) of the Code, as follows:

	2028__	2029__
Personal Property	\$[_____]	\$[_____]
Site Work	\$[_____]	\$[_____]

The site improvements and personal property on which bonus depreciation is projected to be taken are each property that (i) was or will be acquired after January 19, 2025 and a written binding contract for the acquisition of such property was not entered into on or before January 19, 2025; (ii) is new property the original use of which commences with the Partnership, (iii) will be placed in service by the end of calendar year 2029, and (iv) will not be disposed of during the year the Project is placed in service. The Project does not furnish or sell electrical energy, water, sewage disposal services, gas or steam or transportation of such item.

(i) Fines and Penalties. The General Partner shall be responsible for the payment of any fines or penalties imposed by the Agency or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining Tax Credits and State Housing Tax Credits (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(j) Notification of Default or Service Proceedings. In addition to any requirements set forth in Article XIII hereof, the General Partner shall immediately notify the Limited Partner and State Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Partnership or the General Partner, or (ii) any Service proceeding regarding the Project or the Partnership.

(k) Construction Monitoring; Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (i) construction or rehabilitation stops or is suspended for a period of 15 consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the General Partner (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Federal Credits and/or Projected State Credits for any year during the Credit Period may not be achieved, the General Partner shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Class B Limited Partner, the Limited Partner and State Limited Partner.

(l) Reserve Fund for Replacements. The General Partner shall cause the Partnership to establish and maintain reasonable reserves to provide for working capital needs, improvements, replacements and any other contingencies of the Partnership. At a minimum, the General Partner shall cause the Partnership to monthly deposit commencing upon Conversion, the greater of (i) 1/12th of \$300 per units, which amount shall increase three percent (3%) per year and (ii) such greater amount as is required by a Project Lender, from the Partnership's gross operating revenues into a segregated Reserve Fund for Replacement. Following the seventh year of the Compliance Period, and every seven (7) years thereafter, the Limited Partner shall have the right to require a physical needs assessment for the Project, which may result in adjustments to the Reserve Fund for Replacements. The General Partner shall be entitled to withdraw funds from the Reserve Fund for Replacements subject to the Special Limited Partner's Consent, which Consent may be evidenced in an approved annual budget for the Project or, if such Consent is not evidenced by an approved annual budget for the Project, upon the request of the General Partner. In addition to the requirements contained herein, the Partnership shall comply with all requirements relating to the Reserve Fund for Replacements contained in Project Loan Documents.

(m) Operating Reserve. In addition to the requirements of Section 4.02(l), in order to meet operating expenses and debt service of the Partnership which exceed operating revenues available for the payment thereof, the General Partner shall cause the Partnership to deposit, no later than the making of the Sixth Capital Contribution, an initial amount of \$2,258,573 (or such greater aggregate amount as may be required by the Project Lenders) into a segregated reserve account (the "Operating Reserve"). The initial \$2,258,573 of the Operating Reserve shall be funded from Capital Contributions and/or the proceeds of the Project Loan. If there

are insufficient funds to fund the Operating Reserve from the aforementioned sources upon Final Closing, the General Partner shall be required to fund the Operating Reserve. Additionally, the General Partner shall cause the Partnership to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$2,258,573 (the "Operating Reserve Minimum"), using Net Cash Flow after the Stabilization Date to replenish the Operating Reserve for any draws therefrom. The General Partner shall be entitled to withdraw funds from the Operating Reserve subject to the Special Limited Partner's Consent, which may be evidenced in an approved annual budget for the Project or, if such Consent is not evidenced by an approved annual budget for the Project, upon the request of the General Partner. In no event shall the General Partner withdraw funds from the Operating Reserve for Operating Deficits if the balance of such reserve is less than \$1,505,677 prior to the Release Date. In addition to the requirements contained herein, the Partnership shall comply with all requirements relating to the Operating Reserve contained in Project Loan Documents. Following year 12 of the Compliance Period, the Operating Reserve in excess of \$1,505,677 may be released upon the following conditions: (i) there have been no Operating Reserve withdrawals in the past year, (ii) the Debt Service Coverage Ratio for the previous two years has been above 1.20, and (iii) the projected Debt Service Coverage Ratio for the remaining Compliance Period is 1.20 or greater. Any release from the Operating Reserve will be used first to pay any outstanding amounts due to the Limited Partner pursuant to this Agreement, then outstanding deferred Development Fee, then will be released to Net Cash Flow.

(n) Social and Supportive Services. The General Partner shall guarantee the provision of any social and/or supportive services which the Partnership is obligated to provide in connection with the Project pursuant to Project Documents, to the extent applicable (including, but not limited to any local, state agency, project lender, or subsidy provider requirements). Such General Partner guarantee shall not be subject to the, limitations of amount or duration under Section 8.10(a) of this Agreement. Notwithstanding anything herein to the contrary, all social services, if any, will be provided to the extent required as a condition of the reservation of the Tax Credits and all programming will be optional for the tenants and provided at no additional cost to the Project or its tenants.

(o) Pre-Development Activities. The General Partner shall be specifically and solely responsible for the following duties:

- (i) Analyzing the Qualified Allocation Plan for targeted areas within a state.
- (ii) Identifying potential land sites.
- (iii) Analyzing the demographics of potential sites.
- (iv) Analyzing a site's economy and forecast future growth potential.
- (v) Determining the site's zoning status and possible rezoning actions.
- (vi) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (vii) Performing environmental tests on selected sites.

(viii) Negotiating the acquisition of the leasehold interest in the land upon which the Project is located and its related financing.

(ix) Performing any other duties or activities relating to the acquisition of the leasehold interest in the Land and the Project.

The General Partner shall not assign any of the foregoing duties to the Developer.

4.03 Single Purpose Entity. The General Partner shall engage in no other business or activity other than that of being a General Partner of the Partnership and being Developer. The General Partner was formed exclusively for the purpose of acting as a General Partner of the Partnership and has never engaged in any other activity, business or endeavor. As of the Initial Closing, the General Partner has no liabilities or indebtedness from any unrelated party other than its liability for the debts of the Partnership, and the General Partner shall not incur any indebtedness from any unrelated party other than its liability for the debts of the Partnership. If the General Partner determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders and/or members. The General Partner has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The General Partner shall keep its books and records separate and distinct from those of its shareholders, members and/or other of its Affiliates, and shall maintain the Partnership accounts in financial institutions, whose accounts are federally insured, segregated from any other accounts and funds of the General Partner or any of its shareholders, members and/or other of its Affiliates. The General Partner shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and/or other of its Affiliates in all dealings with other Persons. The General Partner has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

4.04. Leasehold Obligations. The General Partner shall cause the Partnership to comply in all respects with the provisions of the Ground Lease and shall not default thereunder. Upon any breach of this covenant by the General Partner, the Limited Partner and/or the Special Limited Partner (subject to any notice and cure periods in the Ground Lease), shall have the right to effect a cure of any default or alleged default under the Ground Lease in the place of the Partnership, and charge back any costs and expenses thereof against the General Partner. The General Partner shall reimburse the Limited Partner or Special Limited Partner, as the case may be, for such costs and expenses upon written demand. Further, the General Partner shall not amend, modify or terminate, nor permit any amendment, modification or termination of the Ground Lease, without in each case obtaining the prior written Consent of the Limited Partner. Any and all notices given to the Partnership under the Ground Lease, and any requests for consents, actions, or forbearances on the part of the Partnership to be given or withheld under the Ground Lease, shall immediately, upon receipt by the General Partner, be forwarded to the Limited Partner and Special Limited Partner by the General Partner.

4.05. Rental Subsidy Contract. The General Partner shall enter into a HAP Contract for 65 units at the Project for a minimum term of fifteen (15) years. The General Partner shall maintain and preserve the HAP Contract throughout the fifteen (15) year term. The Special Limited Partner shall have the right to review and Consent to the HAP Contract prior to the Partnership's execution of the same. The General Partner shall request annually any upward adjustment to the rental assistance payments as may be permitted under the HAP Contract. The General Partner shall cause the Project

to comply with the applicable tenant income and rental restrictions of the HAP Contract, including without limitation any Regulatory Agreements related thereto. The General Partner shall cause to be kept all records, and shall timely submit all certifications, financial and tenant reports and any other documentation required to satisfy the obligations and conditions of the HAP Contract.

ARTICLE V
PARTNERS, PARTNERSHIP INTERESTS
AND OBLIGATIONS OF THE PARTNERSHIP

5.01 Partners; Capital Contributions; Partnership Interests.

(a) General Partner's First Capital Contribution. The General Partner, its principal address or place of business, their Capital Contribution and their Percentage Interest are as follows:

General Partner	Capital Contribution	Percentage Interest
HCDC Kuhio Park 1 LLC 330 West Victoria Street Gardena, California 90248	\$100.00	0.009%

(b) General Partner/Class B Limited Partner's Special Capital Contribution. In the event that the Partnership has not timely paid all or part of the amounts due under the Development Agreement, the General Partner shall each contribute to the Partnership (the "General Partner Special Capital Contribution") an amount equal to any such remaining developer fee payments owing to the General Partner as a Developer under the Development Agreement and the Partnership shall thereupon make a payment in an equal amount to pay off all amounts due under the Development Agreement by the final date by which all amounts must be paid thereunder.

(c) Limited Partners. The Limited Partner, the Class B Limited Partner, the State Limited Partner, and the Special Limited Partner, respectively, their principal office and place of business, their Capital Contributions and their Percentage Interests are as follows:

Limited Partner	Capital Contribution	Percentage Interest
RBC Community Investments, LLC 600 Superior Avenue Suite 2300 Cleveland, Ohio 44114	Capital Contribution is as set forth in Section 5.01(d) and <u>Exhibit K</u>	99.979%
Special Limited Partner	Capital Contribution	Percentage Interest

RBC Community Investments Manager II, Inc. 600 Superior Avenue Suite 2300 Cleveland, Ohio 44114	\$10	0.001%

Class B Limited Partner	Capital Contribution	Percentage Interest
Hawaii Public Housing Authority [_____] [_____]	[\$_____]	0.001%

State Limited Partner	Capital Contribution	Percentage Interest
Berkadia Kuhio Park Low-Rise MTE LLC Two Liberty Place 50 South 16th Street Philadelphia, PA 19102	Capital Contribution is as set forth in Section 5.01(d) and <u>Exhibit K</u>	0.01%

(d) Limited Partner and State Limited Partner Capital Contributions. The Limited Partner and the State Limited Partner have agreed to make Capital Contributions to the Partnership in the aggregate amount of \$[116,678,011] (of which \$[83,771,030] shall be contributed by the Limited Partner and \$[32,906,981] shall be contributed by the State Limited Partner), in accordance with the schedule of payments set forth on Exhibit K, attached hereto and made a part hereof and subject to any adjustments, if any, in accordance with Section 5.01(g) below; provided, however, that under no circumstances shall the Limited Partner be required to advance sums in excess of amounts then required to pay third-party obligations and the Development Fee (as approved by the Limited Partner), and for funds to be used to make monthly debt service or interest payments the Limited Partner may elect to advance such sums on a monthly draw basis. The obligation of the Limited Partner to make the Capital Contributions is subject to satisfaction of the conditions precedent to each Capital Contribution as set forth in **Exhibit K** attached hereto and made a part hereof. The determination of whether or not a condition precedent to a Capital Contribution has been satisfied shall be made in the reasonable discretion of the Limited Partner within 10 Business Days of receipt of any single item. If the Limited Partner or State Limited Partner (as applicable) has not approved a condition precedent to a Capital Contribution within ten (10) Business Days after the receipt of all items required in connection with such Capital Contribution, the General Partner may submit a request in writing to the Limited Partner or State Limited Partner (as applicable) to approve or reject said item (an "Approval Request"). Within five (5) Business Days after receipt of an Approval Request, the Limited Partner or State Limited Partner (as applicable) shall either (i) confirm that the item has been approved or (ii) disapprove the item and provide the General Partner with an explanation in reasonable detail as to why the item has been disapproved. Upon disapproval of an item, the General Partner shall take all steps necessary to correct any deficiencies and resubmit the same as soon as practical thereafter. Each such Capital Contribution shall be made within 10 Business Days of the satisfaction of the last condition precedent thereto. The Limited Partner may hire the

Construction Inspector to review on behalf of the Limited Partner the construction of the Project to determine, in part, whether such construction is defect-free and in accordance with the Plans and Specifications and to review and approve draw requests submitted by the General Partner under this Section 5.01(d) and pursuant to **Exhibit K**. The expense of the Construction Inspector will be divided equally between the Partnership and the Limited Partner.

(e) Conditions for Capital Contributions. The obligation to pay the amounts due under Section 5.01(d) and **Exhibit K** shall also be expressly conditioned upon each of the following requirements being satisfied at all times prior to and including the due dates of the respective payment:

(i) The General Partner shall have fully complied with all of its covenants and obligations set forth in this Agreement;

(ii) The General Partner shall have fully complied with furnishing the Limited Partner and State Limited Partner any reports or other information required to be provided by the General Partner pursuant to Article XIII hereof;

(iii) There has been no default under the Project Documents which has not been cured to the satisfaction of the relevant Project Documents parties and no event has occurred, which event with notice or the passage of time, would give rise to such a default, which default would not be cured by applying funds from such Capital Contribution to effect such cure; and

(iv) The Tax-Exempt Loan and the RHRF Loan shall be In Balance; and all construction and development work completed, as of the date of any funding, shall have been done so in accordance with the Plans and Specifications.

(f) Limited Partner's and State Credit Limited Partner's Special Additional Capital Contributions. If, in any fiscal year of the Partnership, the Limited Partner's or the State Credit Limited Partner's Capital Account balance may be reduced to or below zero, the Limited Partner or the State Credit Limited Partner, as the case may be, may, in its sole and absolute discretion, make a special additional Capital Contribution to the Partnership, in an amount reasonably required to avoid the reduction of the Limited Partner's or the State Credit Limited Partner's Capital Account balance, respectively, to or below zero (the "Special Additional Capital Contribution"). If the Limited Partner or the State Credit Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this Section, the Limited Partner or the State Credit Limited Partner, as the case may be, shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Limited Partner or the State Credit Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this Section, the General Partner shall have the option, in their sole and absolute discretion, to make special additional Capital Contributions to the Partnership, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Limited Partner or the State Credit Limited Partner at that time.

(g) Adjustment to Capital Contributions of Limited Partner and State Limited Partner.

(i) Adjustments. The following calculations shall apply for purposes of determining adjustments to Capital Contributions.

(A) “Downward Federal Capital Adjustment” shall equal the product of:

- (1) \$[102,796,821] minus the Certified Federal Credits for the Credit Period; and
- (2) \$0.815.

The Downward Federal Capital Adjustment shall be applied 99.99% to the Limited Partner and 0.01% to the State Limited Partner.

(B) “Downward State Capital Adjustment” shall equal the product of:

- (1) \$[51,404,065] minus the Certified State Credits for the Credit Period; and
- (2) \$0.64.

(C) “Late Federal Delivery Adjustment” shall equal for the calendar year 2028 and 2029 respectively, the product of:

- (1) the amount, if any, by which \$[5,366,767] and/or \$[10,279,682] exceeds Actual Federal Credits for such years;
- (2) multiplied by \$0.60.

The Late Federal Delivery Adjustment shall be applied 99.99% to the Limited Partner and 0.01% to the State Limited Partner.

(D) “Late State Delivery Adjustment” shall equal for the calendar year 2028 the product of:

- (1) the amount, if any, by which \$[5,367,357] exceeds Actual State Credits for such years; and
- (2) \$[0.33].

(E) “Upward Federal Capital Adjustment” shall equal the product of:

- (1) Certified Federal Credits for the Credit Period (excluding any Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$[102,796,821];
- (2) multiplied by \$0.815.

The Upward Federal Delivery Adjustment shall be applied 99% to the Limited Partner and 1% to the State Limited Partner.

(F) “Upward State Capital Adjustment” shall equal the product of:

- (1) Certified State Credits for the Credit Period applicable to the State Housing Tax Credits (excluding any State Housing Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$[51,404,065]; and
- (2) multiplied by \$0.64 (the “Upward State Adjustment Factor”).

(G) “Early Federal Delivery Adjustment” shall equal for the calendar years 2028 and 2029 the product of:

- (1) the amount, if any, by which the Actual Federal Credits for such years exceeds \$[5,367,357] and \$[10,280,813]; and
- (2) \$0.50;

(H) “Early State Delivery Adjustment” shall equal for calendar year 2028 the product of:

- (1) the amount, if any, by which Actual State Housing Tax Credits for such year exceeds \$[5,367,357]; and
- (2) \$[18].

(ii) Downward/Upward Federal Capital Adjustment and State Capital Adjustment Calculation. Following determination of the Certified Federal Credits and the Certified State Credits for the Credit Period, the Accountants shall calculate the Downward Federal Capital Adjustment and Downward State Capital Adjustment or Upward Federal Capital Adjustment and Upward State Capital Adjustment.

(iii) Late/Early Delivery Adjustment Calculation. Following the initial lease-up of the Project, the Accountants shall calculate the Late Federal Delivery Adjustment or Early Federal Delivery Adjustment. When calculating the Late/Early Federal Delivery Adjustment pursuant to Section 5.01(g)(i), if there is also a Downward or Upward Federal Capital Adjustment, then \$[5,366,767] shall be adjusted by the same percentage by which the Certified Federal Credits for the Credit Period vary from the Projected Federal Credits for the Credit Period. Following the initial lease-up of the Project, the Accountants shall calculate the Late State Delivery Adjustment or Early State Delivery Adjustment. When calculating the Late/Early State Delivery Adjustment pursuant to Section 5.01(g)(i), if there is also a Downward or Upward State Capital Adjustment, then \$[5,367,357] and \$[10,280,813] shall be adjusted by the same percentage by which the Certified State Credits for the Credit Period vary from the Projected State Credits for the Credit Period.

If the Project does not achieve Qualified Occupancy by the first year of the Credit Period (assumed to be 2028) and therefore the Federal Housing Tax Credits are allocated over 15 years, then the Late Federal Delivery Adjustment shall be the sum of (1) the amount determined under Section 5.01(g)(i)(C) above, and (2) the amount, if any, that the Projected Federal Credits for years 2028 through 2038 exceed the Federal Housing Tax Credits projected to be available in years 2028 through 2038, as calculated by the Limited Partner at the end of the first year of the Credit Period; provided, however if the first year of the Credit Period is 2029 and Federal Housing Tax Credits are allocated over 15 years, the Late Federal Delivery Adjustment shall be calculated by looking at years 2029 through 2039; provided further if the first year of the Credit Period is 2030

and Federal Housing Tax Credits are allocated over 15 years, the Late Federal Delivery Adjustment shall be calculated by looking at years 2030 through 2040.

(iv) Effect on Capital Contributions; General Partner Payment. If there is a Downward Federal Capital Adjustment and/or a Late Federal Delivery Adjustment (a “Negative Adjustment”), then the Capital Contributions of the Limited Partner and the State Limited Partner shall be immediately reduced by such respective percentages delineated in the definitions of the Downward Federal Capital Adjustment and/or Late Federal Delivery Adjustment. If there is a Downward State Capital Adjustment and/or a Late State Delivery Adjustment (a “Negative State Adjustment”), then the Capital Contributions of the State Limited Partner shall be immediately reduced by such amounts. A Negative Adjustment and/or Negative State Adjustment shall first reduce the Third Capital Contribution (if it has not previously been funded), and then to the extent necessary, each succeeding Capital Contribution (to the extent not previously funded). If the Negative Adjustment and/or Negative State Adjustment exceeds the total of all unfunded Capital Contributions, then the General Partner shall make a payment to the Partnership equal to the amount of such excess, and the Partnership shall immediately distribute such amount to the Limited Partner and/or the State Limited Partner, as applicable, as a return of its Capital Contributions. Such payment by the General Partner shall, up to the GP Loan Cap, constitute an unsecured loan, bearing no interest and payable pursuant to Section 11.03 and Section 11.04, all payments in excess of the GP Loan Cap shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the General Partner. Such payment shall be made within 10 days following a demand therefor from the Limited Partner and State Limited Partner, failing which interest shall accrue at the Default Rate.

If there is an Upward Federal Capital Adjustment and/or Early Federal Delivery Adjustment (a “Positive Federal Adjustment”), then the Capital Contribution of the Limited Partner and the State Limited Partner shall be increased by the Positive Federal Adjustment, but in no event shall the additional Capital Contribution by the Limited Partner be greater than \$[4,188,551] (the “Upward Federal Capital Adjustment Cap”). The additional Limited Partner Capital Contribution shall increase the Final Capital Contribution. The Partnership shall use the increase in the Final Capital Contribution (i) first to pay any unpaid development costs, (ii) second to prepay the Development Fee, and (iii) then it shall be disbursed as Net Cash Flow. If there are additional Certified Federal Credits in connection with the Upward Federal Capital Adjustment in which the Limited Partner elects not to purchase because it would cause the total Upward Federal Capital Adjustment to exceed the Upward Federal Adjustment Cap, then any additional Certified Federal Credits shall be allocated to the General Partner subject to the terms of an amendment to this Agreement reflecting such allocation, subject to such allocation not having a negative impact on the Limited Partner or its Interest as determined by the Limited Partner’s tax counsel’s review.

If there is an Upward State Capital Adjustment and/or Early State Delivery Adjustment (a “Positive State Adjustment”), then the Capital Contribution of the State Limited Partner shall be increased by the Positive State Adjustment, but in no event shall the additional Capital Contribution by the State Limited Partner made in connection with

a Positive Federal Adjustment and the Positive State Adjustment be greater than \$[1,645,349] (the "Upward State LP Adjustment Cap"). The additional State Limited Partner Capital Contribution shall increase the final Capital Contribution. The Partnership shall use the increase in the Final Capital Contribution (i) first to pay any unpaid development costs, (ii) second to prepay the Development Fee, and (iii) then it shall be disbursed as Net Cash Flow. If there are additional Certified State Credits in connection with the Upward State Capital Adjustment in which the State Limited Partner elects not to purchase because it would cause the total Upward State Capital Adjustment to exceed the Upward State LP Adjustment Cap, then any additional Certified State Credits shall be allocated to the General Partner subject to the terms of an amendment to this Agreement reflecting such allocation, and subject to such allocation not having a negative impact on the State Limited Partner or its Interest.

(h) Tax Opinion and Due Diligence Costs. The Partnership shall pay the costs and expenses incurred by the Special Limited Partner in connection with the due diligence activities of the Special Limited Partner and the closing of the transactions described herein, including Special Limited Partner's legal fees (including without limitation, preparation of the tax opinion), costs and expenses, in an amount equal to \$100,000. Additionally, the Partnership will pay the costs and expenses incurred by the State Limited Partner in an amount equal to \$25,000.

(i) Additional Limited Partners. Without the Consent of all of the Partners, no additional Persons may be admitted as additional limited partners, other than as provided under Section 9.01 hereof, and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(j) Deposit of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Partnership or invested in government securities or certificates of deposit issued by any bank, or, if requested by the Limited Partner, the cash portion may be deposited directly to a construction escrow account. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement. The Limited Partner shall have the right to make payment of its Capital Contribution (i) directly to a construction escrowee or other third party to be utilized for payment of costs contemplated by the Projections or as required by the Project Documents, or (ii) directly to a Project Lender. Any such direct payments shall be credited to the Limited Partner as if such payment was paid directly to an account maintained for or by the Partnership.

(k) No Liability for Limited Partner or State Limited Partner. Except as may otherwise be provided under applicable law, no Limited Partner, Special Limited Partner or State Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (i) the General Partner, or any successor General Partner shall not have complied with any material provisions under this Agreement, after Notice from the Limited Partner of such noncompliance (setting forth in reasonable detail the nature of the noncompliance and the actions required to cure said noncompliance, if any) and failure to cure such noncompliance within 15 days after receipt of such Notice, or (ii) the Guarantor shall have failed to perform any of its obligations under the Guaranty, or (iii) any Project Lender shall have declared the Partnership to be in default under any Project Loan, or (iv) foreclosure proceedings shall have been commenced against the Project, then the Partnership and the General Partner shall be in default of this Agreement, and the Limited Partner and the State Limited Partner, in their respective sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Partnership during the continuance of such default until such default is cured to the reasonable satisfaction of the Limited Partners, and the Partnership shall make no further payment to the Developer prior to the outside date upon which the Developer must be paid pursuant to the Development Agreement without the Consent of the Special Limited Partner, provided, however, that the Capital Contribution shall be paid if such payment will allow the General Partner to cure the default, and all other conditions for payment but for the default which would be cured by such payment have been met and the Partnership and the General Partner are not otherwise in default of this Agreement.

(b) Release to Partnership Following Cure. All amounts so withheld by the Limited Partner and State Limited Partner under this Section 5.03 shall be promptly released to the Partnership only after the General Partner or the Partnership has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner and State Limited Partner.

5.04 Legal Opinions.

(a) Local Law Opinion. As a condition precedent to the Limited Partner's and State Limited Partner's obligation to make its Capital Contributions hereunder, the Limited Partner and State Limited Partner must receive the opinions of Settle Meyer LLP and Cox Castle & Nicholson LLP, counsel to the Partnership, the General Partner, the Guarantor, and the Developer, which opinions shall explicitly state that counsel to the Limited Partner may explicitly rely upon it and shall be in a form satisfactory to the Limited Partner.

(b) Tax Opinion. In addition, the General Partner and Guarantor shall cause to be prepared and delivered to counsel to the Limited Partner, the Projections and the General Partner's tax certification ("Tax Certification") in a form satisfactory to counsel for the Limited Partner and certify to the Limited Partner and its counsel such matters as may be required to enable such counsel to deliver an overall tax opinion that addresses all material tax issues and indicates that the financial projections and tax credit calculation contained in the Projections appear reasonable and complete. The fees and expenses of the tax opinion are included in the tax opinion and due diligence costs described in Section 5.01(h).

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) the entire Project is not placed in service by [November 1, 2028] (or such later date as may be Consented to by the Special Limited Partner in its sole discretion); (ii) the Service Form(s) 8609 and/or the Hawaii Eligibility Statement (is) (are) not issued by the Agency so as to allow the Credit Period for the Federal Credits and/or State Housing Tax Credits to commence for the year 2028 (unless (i) there is a deferral of the start of the Credit Period into 2029 or (ii) either all applicable tax credit adjuster payments are timely paid or the General Partner can show to the reasonable satisfaction of the Limited Partner that the failure to obtain such Forms 8609 and/or Hawaii Eligibility Statement was due to reasonable cause because the Agency failed to issue the Forms 8609 and/or Hawaii Eligibility Statement despite being provided all necessary information by the Partnership on a timely basis and the Forms 8609 and/or Hawaii Eligibility Statement are issued by the Agency prior to the tax return due date for the second year of the Credit Period); (iii) the Tax-Exempt Loan is not paid down to the Permanent Tax-Exempt Loan Amount and Final Closing has not occurred by February 1, 2029 to the extent the outside conversion date for the Tax-Exempt Loan is extended by the Governmental Lender and Bank of Hawaii (or such later date as may be Consented to by the Special Limited Partner in its sole discretion); (iv) the Partnership fails to achieve Qualified Occupancy on or before September 1, 2029; (v) the Partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter (provided such failure to meet the Rent Restriction Test at any point after the close of the first year of the Credit Period does not result in a loss of more than 15% of the Projected Federal Tax Credits or 15% of the Projected State Tax Credits, and all applicable tax credits adjuster payments have been timely paid, such failure shall not constitute a Condition for Repurchase); (vi) less than fifty percent (50%) of the aggregate cost basis of the construction and the basis of the Land on which the construction is located, as such terms are defined in Code Section 42(h)(4)(B), is financed by an obligation described in Code Section 42(h)(4)(A); (vii) the Stabilization Date has not occurred within 24 months following Substantial Completion; (viii) at any time before the Stabilization Date (1) an action is commenced and successfully prosecuted to foreclose, abandon or permanently enjoin construction of the Project; or (2) it is determined that the Project will qualify for less than 70% of the Projected Federal Credits and/or less than 70% of the Projected State Credits; (viii) commitments received by the Partnership for any Project Loans are withdrawn and a comparable commitment has not been received within 60 days of such withdrawal, (ix) an obligation set forth in the Post Closing Agreement is not satisfied within the required time frame; or (x) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period or such later date as is permitted by the Code, then the General Partner shall, within 15 days of the occurrence thereof, send to the Limited Partner and the State Limited Partner Notice of such event and of its obligation to purchase the Interest of the Limited Partner and the State Limited Partner hereunder and return to the Limited Partner and the State Limited Partner their Capital Contributions in the event the Limited Partner, in its sole discretion, requires in a Notice to the General Partner such purchase of the Interest of the Limited Partner, which Notice shall also require purchase of the Interest of the State Limited Partner.

(b) Thereafter, the General Partner, within 30 days of the mailing date of Notice by the Limited Partner of such election, shall acquire the entire Interest of the Limited Partner and the State Limited Partner in the Partnership by making payment to each of the Limited Partner and the State Limited Partner, in cash, of an amount equal to the sum of (i) 100% of the Capital

Contributions made by the Limited Partner or the State Limited Partner, as applicable, (ii) interest on such amount at the Default Rate accruing from the date or dates of the Limited Partner's or State Limited Partner's respective Capital Contributions, (iii) all unreimbursed expenses actually incurred by the Limited Partner or State Limited Partner, as applicable, in connection with entering into the Agreement, and (iv) any outstanding amounts owed to the Limited Partner or State Limited Partner, as applicable, pursuant to this Agreement, including any federal income tax liability incurred by the Limited Partner or State Limited Partner, as applicable, as a result of the payment of any amounts pursuant to this Section 5.03 less (x) with respect to the Limited Partner, the product of any Actual Federal Credits previously allocated to the Limited Partner and not subject to recapture and \$0.815 and (v) with respect to the State Limited Partner, the product of the Actual State Credits previously allocated to the State Limited Partner and not subject to recapture and \$0.64.

(c) Upon receipt by the Limited Partner and State Limited Partner of any such payment of its Capital Contributions, the Interest of the Limited Partner and State Limited Partner and all further obligations of the Limited Partner and State Limited Partner hereunder shall terminate, and, to the extent that the Limited Partner has acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the Limited Partner from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the Limited Partner (as a result of its respective participation hereunder) may be subject, and to the extent that the State Limited Partner has acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the State Limited Partner from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the State Limited Partner (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than 90 days after the end of the Partnership's fiscal year, any Partner who has made a Special Additional Capital Contribution pursuant to Section 5.01(f) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership, if any, on such Special Additional Capital Contribution. The Partnership shall invest any amounts contributed pursuant to Section 5.01(f) as reasonably directed by the contributing Partner. Any guaranteed payment due to a Partner shall be deemed an expense of the Partnership for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear interest as set forth above.

5.07 GP Loans.

(a) GP Loans. The General Partner shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.10(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.10(b) hereof, to make, subject to the Consent of the Special Limited Partner in its sole discretion, GP Loans pursuant to this Section 5.07(a) to fund Operating Deficits of the Partnership or to fund other reasonable and necessary obligations of the Partnership. GP Loans shall be on the following terms: (i) interest shall not accrue on the GP Loans; (ii) be an unsecured obligation and (iii) GP Loans in the aggregate up to \$[1,500,000] will be repaid out of Net Cash Flow as set forth in Section 11.03 of this Agreement and any remaining unpaid balance repaid out of net proceeds resulting from any Capital Transaction pursuant to Section

11.04 and proceeds resulting from the liquidation of the Partnership assets pursuant to Section 12.02. The cumulative amount of GP Loans will be capped at \$[3,500,000] and subject to the Limited Partner's reasonable Consent pursuant to the capital analysis at such time.

(b) Documentation of GP Loans. At the request of a Partner, which request may be made quarterly, any GP Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such GP Loans made during the preceding calendar quarter. GP Loans shall be unsecured loans by such Partner. GP Loans shall not be considered Capital Contributions and shall not increase such Partner's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a GP Loan, in no event shall interest accrue on any GP Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

5.08 LP Loans.

(a) LP Loans. The Limited Partner, the State Limited Partner, or an Affiliate of the Limited Partner or the State Limited Partner, shall have the right, but not the obligation, to make LP Loans pursuant to this Section 5.08(a) to fund reasonable and necessary obligations of the Partnership. LP Loans shall be on the following terms: (i) interest shall accrue on the LP Loans at an annual interest rate of five percent (5%), compounded annually; and (ii) LP Loans shall be repayable solely as set forth in Sections 11.03, 11.04 and 12.02 of this Agreement, provided, however if (x) the LP Loan is not necessitated by a failure of the Partnership, a General Partner, the Developer and/or the Guarantor to comply with any provision of a Project Document and (y) the General Partner had previously requested the right to make a GP Loan in a similar amount and said request was rejected by the Special Limited Partner pursuant to Section 5.07(a) hereof, said LP Loan shall not accrue interest.

(b) Documentation of LP Loans. LP Loans shall be evidenced by a non-negotiable promissory note or notes. LP Loans shall be unsecured loans. LP Loans shall not be considered Capital Contributions and shall not increase the Limited Partner's and/or the State Limited Partner's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a LP Loan, in no event shall interest accrue on any LP Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

5.09 Default By Limited Partner or State Limited Partner. The Limited Partner and State Limited Partner hereby pledge to the Partnership and grant the General Partner and Partnership a security interest in the Limited Partner's Interest and the State Limited Partner's Interest as security for the payment of the Limited Partner's Capital Contributions and the State Limited Partner's Capital Contributions. In furtherance of the foregoing pledge, the Limited Partner and any transferee of the Limited Partner's Interest and the State Limited Partner and any transferee of the State Limited Partner's Interest shall, if the General Partner so requires, execute and deliver to the General Partner

and Partnership a Uniform Commercial Code Financing Statement prepared by the General Partner to perfect the security interests created hereunder. Upon failure by either of the Limited Partner or the State Limited Partner to make any payment of its Capital Contributions when due in accordance with the terms and conditions hereof, and the continuation of such default beyond a thirty (30) day notice and cure period and the determination of an arbitrator against the Limited Partner or State Limited Partner, applicable (in accordance with the procedure set forth below) in favor of the General Partner and Partnership as a result of such default, the General Partner and Partnership may realize upon such collateral by disposing of the Interest of the defaulting Limited Partner or defaulting State Limited Partner at public or private sale, at which the Partnership, the General Partner, or any third party may bid. The General Partner and Partnership may offer to sell the defaulting Limited Partner's Interest or defaulting State Limited Partner's Interest to any other Person on such commercially reasonable terms and conditions as the General Partner deems most favorable under the circumstances. If any notification of an intended disposition of the collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition. Any amount which the Person acquiring the Interest of the defaulting Limited Partner or defaulting State Limited Partner, as applicable, shall pay in consideration of the acquisition of such Interest shall be applied in the following order: first, to the payment of the Capital Contribution payment then required to be paid by the defaulting limited partner; second, to the payment, if any, of any future additional Capital Contributions of the defaulting limited partner; third, to the payment of all reasonable fees and expenses, including legal expenses, incurred by the General Partner and Partnership in connection with such sale or the related default; and fourth, any balance to the defaulting limited partner. Notwithstanding anything in this Agreement or the Uniform Commercial Code of Hawaii to the contrary, the General Partner and Partnership's sole and exclusive remedy in the realization of its security interest under this Section 5.09 shall be to dispose of the collateral at a public or private sale in the manner provided in this Section 5.09 or by any available judicial procedure. The obligations of a defaulting limited partner to the General Partner and Partnership shall be extinguished upon completion of the transfer of the defaulting limited partner's Interest to a purchaser; and the rights and benefits of a defaulting limited partner attributable to such Interest in the Partnership shall terminate on the date of admission of a purchaser of such Interest pursuant to Article IX as a Substitute Limited Partner or Substitute State Limited Partner, as applicable, provided, however, the obligation of a defaulting limited partner to make Capital Contributions shall be extinguished only by, and to the extent of, the aggregate of payments to be made by the purchaser or purchasers of the defaulting limited partner's Interest. Notwithstanding anything in this Section 5.09 to the contrary: (i) a default by the Limited Partner hereunder shall not constitute a default by the State Limited Partner hereunder and a default by the State Limited Partner hereunder shall not constitute a default by the Limited Partner hereunder, and (ii) the General Partner's and Partnership's remedies under this Section 5.09 may be exercised only against a defaulting limited partner.

Any controversy, claim or other dispute involving the payment of Capital Contributions of the Limited Partner or the State Limited Partner arising out of this Agreement that cannot be resolved between the Partners shall be decided by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrator shall be final and binding on all parties, and judgment may be entered thereon in any court having jurisdiction thereof. The losing party shall bear all costs of arbitration. The arbitration shall be held in the State of Hawaii.

The security interest granted pursuant to this Section 5.09 shall terminate automatically without any further action of the parties and be of no further force and effect upon the earlier to occur of (i) the payment of the Limited Partner's Final Capital Contribution with respect to the Limited Partner's Interest or the payment of the State Limited Partner's Final Capital Contribution with respect to the State Limited Partner's Interest, or (ii) a default of this Agreement by the General Partner after expiration of any applicable notice and cure periods. If the General Partner files a Uniform Commercial Code Financing Statement in connection with this security interest, it shall be a condition to the funding of the applicable Final Capital Contribution that the General Partner prepare and file a release of such statement ("UCC Release") prior to or simultaneously with the funding of such Final Capital Contribution.

ARTICLE VI CHANGES IN GENERAL PARTNER

6.01 Withdrawal of the General Partner.

(a) The General Partner may withdraw from the Partnership or sell, transfer or assign its Interest as General Partner only with the prior Consent of the Special Limited Partner in its sole discretion, and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the General Partner(s) to be substituted for it or to receive all or part of its Interest as General Partner.

(b) In the event that a General Partner withdraws from the Partnership or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional General Partner. A Person shall be admitted as a General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the General Partner and the Special Limited Partner in its sole discretion, and approved by the Agency and the Project Lenders, if required and prior written notice having been provided to the State Limited Partner;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Project Loan Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and an amendment to the Certificate evidencing the admission of such Person as a General Partner shall have been filed,

and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of its authority to become a General Partner, to do business in the Project State and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional General Partner is in conformity with the Act and that none of the actions taken in connection with the admission of the successor or additional General Partner will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a partnership for federal income tax purposes.

6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a General Partner.

(a) In the event of the Bankruptcy of a General Partner or the withdrawal, death or dissolution of a General Partner, or an adjudication that a General Partner is incompetent (which term shall include, but not be limited to, insanity) the business of the Partnership shall be continued by the other General Partner(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent General Partner is then the sole General Partner, or if such General Partner withdraws from the Partnership in contravention of the provisions of Section 6.01(a) of this Agreement, then the Partnership shall be terminated, unless within 90 days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Limited Partner elects to designate the Special Limited Partner or such other entity as the Limited Partner may desire as a successor General Partner and continue the Partnership upon the conversion of such Special Limited Partner to the General Partner of the Partnership. Consequences of the removal of the General Partner shall be determined under Section 8.13 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner or Class B Limited Partner or breach of Section 6.01(a) in regards to the General Partner, such General Partner and/or Class B Limited Partner (as applicable) shall immediately cease to be a General Partner and/or Class B Limited Partner (as applicable) and its Interest shall without further action be converted to a Limited Partner Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, such General Partner shall cease to be a General Partner only upon the expiration of 90 days after Notice to the Limited Partner of the Bankruptcy, death, dissolution, declaration of incompetence or default of such General Partner; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, the converted Partnership Interest of such replaced General Partner shall be ratably reduced to the extent necessary to insure that the substitute General Partner(s) holds Percentage Interest equal to the Percentage Interest of the General Partner set forth in Section 5.01(a).

(c) Except as set forth above, such conversion of a General Partner Interest or Class B Limited Partner Interest to a Limited Partner Interest shall not affect any rights, obligations or

liabilities (including without limitation, any of the General Partner's obligations under Section 8.10 herein or Class B Limited Partner's obligations under Section 16.[] herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted General Partner and/or Class B Limited Partner existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a General Partner and/or Class B Limited Partner (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a General Partner, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted General Partner was not the sole General Partner of the Partnership, the remaining General Partner or General Partners shall immediately (i) give Notice to the Limited Partners and State Limited Partner of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted General Partner and its having ceased to be a General Partner. The remaining General Partner or General Partners are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Partners and the Partnership and to file such documents as may be required to effectuate the provisions of this Section 6.03.

(e) The General Partner and the Class B Limited Partner, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agrees that in the event a General Partner and/or the Class B Limited Partner should make application for or seek protection or relief under any of the Sections or Chapters of the United States Bankruptcy Code (for purposes of this Section 6.03, the "Bankruptcy Code"), or in the event that any involuntary petition is filed against a General Partner and/or the Class B Limited Partner, then, in such event, any other Partner shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code, or otherwise, on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement, or otherwise. The foregoing shall in no way preclude, restrict or prevent the General Partner and/or the Class B Limited Partner from filing for protection under the Bankruptcy Code.

(f) The Partners acknowledge and agree that this Agreement is a contract under which the Limited Partner and State Limited Partner are excused from accepting performance from the General Partner and/or the Class B Limited Partner, their respective assignee or trustee, in the event that a General Partner and/or the Class B Limited Partner makes application for or seeks protection under any of the Sections or Chapters of the Bankruptcy Code, or in the event that an involuntary petition is filed against such General Partner and/or the Class B Limited Partner. The effect of this paragraph shall be that this Agreement is hereby deemed to be subject to the exceptions to assumption and assignment of contracts set forth in Sections 365(c)(1) and 365(e)(2)(A) of the Bankruptcy Code and that a Limited Partner or State Limited Partner, by its refusal to consent to an assumption or assignment of this Agreement by the General Partner and/or the Class B Limited Partner, shall be able to prevent such assumption or assignment.

(g) In the event that a General Partner and/or the Class B Limited Partner makes application for or seeks relief or protection under any of the Sections or Chapters of the

Bankruptcy Code, or in the event that any involuntary petition is filed against said General Partner and/or Class B Limited Partner, then, in such event, any Partner may apply or move to the bankruptcy court in which such petition is filed for a change of venue to the bankruptcy court where the Partnership has its principal place of business, and the General Partner and the Class B Limited Partner hereby agrees not to oppose or object to such application or motion in any way.

6.04 Restrictions on Transfer of General Partner's Interests. This is an agreement under which applicable law excuses the Limited Partner and State Limited Partner from accepting performance from any General Partner and/or Class B Limited Partner which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., from a trustee of any such debtor and from the assignee of any such debtor or trustee. The Limited Partner and State Limited Partner have entered into this Agreement with the General Partner and Class B Limited Partner in reliance upon the unique knowledge, experience and expertise of the General Partner, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. Each of the General Partner and Class B Limited Partner expressly agrees that the Limited Partner and State Limited Partner shall not be required to accept performance under this Agreement from any person other than: (a) the General Partner, including, without limitation, any trustee of the General Partner appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee, and/or (b) the Class B Limited Partner, including, without limitation, any trustee of the Class B Limited Partner appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the General Partner.

(a) Conditions for Removal. The Special Limited Partner, so long as it is a Partner, shall have the right to remove the General Partner, subject to Section 6.05(b) and the terms and conditions of the Project Documents :

(i) for any fraud, gross negligence, intentional misconduct or breach of fiduciary duty in the discharge of its duties and obligations as General Partner, or

(ii) upon the occurrence of any of the following:

(A) the General Partner or the Partnership shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable, or cured within any applicable cure period;

(B) the General Partner or the Partnership shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(g), 5.05, 8.10 and/or 16.07, (ii) violated any material provision of applicable law, (iii) breached any representation and

warranty contained in Section 4.01 in any material respect or (iv) acted outside the scope of its duties or obligations under this Agreement;

(C) any event occurs which, with the giving of notice or passage of time would constitute an event of default under any Project Loan;

(D) the General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would:

- (1) cause the termination of the Partnership for federal income tax purposes (excluding any such termination under Code Section 708(b)(1)(B) triggered by a transfer of the Interest of the Limited Partner); or
- (2) cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation; or
- (3) in the reasonable opinion of the Special Limited Partner, cause a recapture or reduction in Certified Credits beyond that which the General Partner has funded pursuant to the Tax Credit Compliance Guaranty and the State Tax Credit Compliance Guaranty or otherwise materially increase tax liabilities of the Limited Partner and/or the State Limited Partner; or
- (4) violate any federal or state securities laws; or
- (5) cause the Limited Partner and the State Limited Partner to be liable for Partnership obligations in excess of its Capital Contributions;

(E) the General Partner fails to timely and promptly discharge the Management Agent as requested by the Special Limited Partner pursuant to Section 8.15(b);

(F) any default by the Guarantor under the Guaranty or by the Developer under the Development Agreement, subject to any applicable notice and cure period in the Guaranty or Development Agreement, as applicable;

(G) the General Partner fails to fund any Operating Deficits (regardless of whether the Release Date has occurred) after the depletion of the Operating Reserve for reasons other than the Limited Partner's failure to Consent to an Operating Deficit Loan, and the Guarantor has not cured the failure to fund within the applicable cure period set forth in the Guaranty;

(H) a material adverse change occurs in the financial position of a General Partner, Developer or Guarantor after the Initial Closing which is reasonably likely to have a material adverse impact upon the ability of the Partnership, a General Partner, Developer, and/or Guarantor to fulfill any obligation thereof under the Project Documents;

(I) the amount of Actual Federal Credits for any year are, or are projected by the Accountants to be, less than eighty-five percent (85%) of the Projected Federal Credits for that year, or, the Actual State Credits for any year are, or are projected by the Accountants to be, less than eighty-five percent (85%) of the Projected State Credits for that year, other than (i) as a result of a change in applicable tax law with which the General Partner is not reasonably able to comply, or (ii) as a result of events of force majeure (i.e. strikes, lockouts, acts of God, severe shortages of labor or materials, acts of the public enemy, riot, war, fire or other delays beyond the reasonable control of the General Partner) provided that the General Partner has timely made all payments required under Section 8.10(c); provided, that with respect to Actual State Credits being less than 85% of the amount projected, the foregoing shall only be cause for removal of the General Partner if both the Limited Partners and the State Limited Partner agree to such removal;

(J) the General Partner fails to make the General Partner Special Capital Contribution when due; or

(K) the General Partner is bankrupt or shall fail to obtain the dismissal of any case commenced against a General Partner (i) for the appointment of a trustee for a General Partner, or any of its property, or (ii) in Bankruptcy within 60 days following the filing of such case.

(b) Procedure for Removal. The Special Limited Partner shall give Notice to all Partners of its determination that the defaulting General Partner shall be removed. The defaulting General Partner shall have 30 days after receipt of such Notice to cure any default or other reason for such removal, or such longer period as may be required in the sole discretion of the Limited Partner, in which event it shall remain as General Partner; provided, however, that no Notice shall be required with respect to a default set forth in Sections 6.05(a)(i), (a)(ii)(H) or (a)(ii)(I) above. If, at the end of the applicable cure period, the defaulting General Partner has not cured any default or other reason for such removal, at the election of the Special Limited Partner, and upon notice of removal to the defaulting General Partner, the defaulting General Partner shall cease to be General Partner and the powers and authorities conferred on it as General Partner under this Agreement shall cease and the Interests of such General Partner shall be transferred to the Special Limited Partner or its designee which, without further action, shall become the General Partner; in such event, upon becoming the General Partner, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) General Partner Obligations and Liability Following Removal. In the event that the General Partner is removed pursuant to the terms of this Agreement, it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner of the Partnership before such removal shall become effective, including but not limited to the obligations and liabilities of the General Partner with respect to its obligations set forth in Sections 5.01(g), 5.05, 8.10 and 16.07 of this Agreement; provided, however, that if amounts otherwise payable to the General Partner as fees, GP Loans, Operating Deficit Loans or other payments are applied to meet the obligations of the General Partner as stated in Sections

5.01(g), 5.05, 8.10 and 16.07 of this Agreement, such application shall serve to reduce any such liabilities of the General Partner or any successor, except for any liability incurred as the result of its gross negligence, intentional misconduct, fraud or breach of its fiduciary duties as General Partner of the Partnership. If a General Partner is removed as Partner of the Partnership as aforesaid, such General Partner shall not be entitled to payment of any further installments of the Incentive Management Fee, Partnership Management Fee, or other fees or payments which otherwise would have been due and payable under this Agreement; provided that the a new, replacement General Partner shall be entitled to repayment of any outstanding GP Loan or Operating Deficit Loan made thereby in accordance with Sections 11.04 and 12.02 of this Agreement if such removal is not the result of a default set forth in Section 6.05(a)(i). Notwithstanding any provision herein to the contrary, any General Partner who is removed as a General Partner of the Partnership shall be free of any obligations or liabilities incurred due to activities solely conducted by the Partnership after the effective date of such removal.

(d) Power of Attorney. The Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Partners (including the State Limited Partner) and the Partnership as shall be legally necessary and sufficient to effect all of the foregoing provisions of this Section 6.05. The election by the Special Limited Partner to remove the General Partner under this Section shall not limit or restrict the availability and use of any other remedy which the Limited Partner or any other Partner might have with respect to the General Partner in connection with its undertakings and responsibilities under this Agreement.

ARTICLE VII ASSIGNMENT TO THE PARTNERSHIP

7.01 Assignment to the Partnership. The General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and to the Project, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;
- (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;
- (c) any and all commitments with respect to the Project Loans, the Tax Credits and the State Housing Tax Credits;
- (d) any and all rights under and pursuant to the Project Documents; and
- (e) any other work product related to the Project.

ARTICLE VIII
RIGHTS, OBLIGATIONS AND POWERS
OF THE GENERAL PARTNER

8.01 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes stated in Article III, shall make all decisions affecting the business of the Partnership and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partners, the State Limited Partner and of the Partnership. The General Partner shall devote such time as is necessary to the affairs of the Partnership.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Project Loan Documents, the General Partner (acting for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, the General Partner is specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Project Loan Documents, the Regulatory Agreement, the Extended Use Agreement, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Special Limited Partner shall be provided with the opportunity to review and Consent, in its sole discretion, to any such documents prior to their execution by the General Partner, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Copies of all applications for advances of proceeds of the Project Loans shall be provided to the Limited Partner prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Special Limited Partner; and provided further that any such applications which provide for the disbursement of funds of the Partnership in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Special Limited Partner. All decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. No Person dealing with the General Partner shall be required to determine its authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the General Partner.

- (a) The General Partner shall not have any authority to:
- (i) perform any act in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreement, the Extended Use Agreement, the Project Loan Documents, or any other Project Document;

(iii) do any act required to be Consented to or ratified in writing by the Limited Partners under the Act unless the right to do so is expressly otherwise given in this Agreement;

(iv) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

(v) borrow from the Partnership or commingle Partnership funds with funds of any other Person; or

(vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) For such purposes, the General Partner shall have a voting interest proportionate to its Interest in the Partnership provided, however, that the General Partner is authorized to execute all of the Project Documents and any other agreements or instruments of any nature whatsoever individually. The General Partner shall not, without the Consent of the Special Limited Partner, in its sole discretion, and the Consent of the State Limited Partner, in the case of any action that would have a material impact on the State Limited Partner's Interest or the allocation of the State Housing Tax Credit or as noted below, have any authority to:

(i) except pursuant to the Option, sell or otherwise dispose of, at any time, all or substantially all of the assets of the Partnership;

(ii) materially amend the terms of any Project Documents;

(iii) amend the terms of any Project Loan or any Project Loan Document to be other than those set forth on **Exhibit B** attached hereto or, following Final Closing, refinance any Project Loan;

(iv) borrow in excess of \$10,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except LP Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.19;

(v) agree to any material change order for the Construction Contract, provided that the Special Limited Partner shall use reasonable efforts to respond to the General Partner's request for Consent within 10 Business Days of the Special Limited Partner's receipt of all appropriate documents and information;

(vi) other than as set forth in the Plans and Specifications, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000 in a single Partnership fiscal year, or rebuild the Project with the use of insurance proceeds, except (a) replacements and

remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 8.19;

(vii) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(viii) confess a judgment against the Partnership in excess of \$10,000, or commence or settle, or acquiesce in the commencement or settlement of any legal actions, arbitration, or other like proceedings involving the Project or the Partnership;

(ix) commence or settle, or acquiesce in the commencement or settlement of any material legal actions, arbitration, or other like proceedings involving any General Partner if such legal action, arbitration, or like proceeding would have a material adverse impact upon the General Partner's ability to perform any obligation under any Project Document;

(x) admit any Person as a general partner or a limited partner, or withdraw as General Partner except as otherwise specifically permitted in this Agreement;

(xi) do any act in contravention of this Agreement or any other agreement to which the Partnership is a party;

(xii) execute or deliver any assignment for the benefit of the creditors of the Partnership;

(xiii) transfer or hypothecate the General Partner's interest as a General Partner in the Partnership, including its interest in Partnership allocations or distributions, except as otherwise provided in this Agreement or effectuate or permit a change in ownership or control of the General Partner, whether direct or indirect, by operation of law or otherwise;

(xiv) dissolve the Partnership or take any action which would result in dissolution;

(xv) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Partnership, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Partnership or the Partnership's interest in the Project, or borrow funds or participate in a merger or consolidation with any other entity;

(xvi) change the nature of the business of the Partnership, or do any act which would make it impossible to carry on the ordinary business of the Partnership;

(xvii) materially change any accounting method or practice of the Partnership;

(xviii) file a voluntary petition for bankruptcy of the Partnership;

(xix) make any expenditure or incur any liability on behalf of the Partnership in excess of \$10,000 which is not identified in any budget Consented to by the Special Limited Partner, except with respect to emergency repairs necessary to protect the safety and comfort of the tenants or the structural integrity of the Project;

(xx) possess Partnership property or assign rights in specific property for other than a business purpose of the Partnership;

(xxi) take any action which would cause the termination of the Partnership for federal income tax purposes under Code Section 708;

(xxii) make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2024 as the first year of the Credit Period (as defined in Code Section 42(f) for the Project) or Section 754 of the Code;

(xxiii) enter into any agreement or take any action without the prior Consent of the Special Limited Partner or Limited Partner with respect to any matters for which the prior Consent of the Special Limited Partner or Limited Partner is a prerequisite;

(xxiv) approve any increase in fees to the General Partner or any Affiliate of the General Partner;

(xxv) change in ownership, control or management of the General Partner and/or those entities referenced in Section 4.01(t);

(xxvi) allow this Agreement to be amended;

(xxvii) execute and/or record any documents to lease or convert the Project into a separate condominium unit or to transfer legal title to the Project, or any documents associated therewith, including, without limitation, condominium plan and/or subdivision map, grant deed, or easements and/or other documents relating to the access for occupancy and use of the Project;

(xxviii) amend or terminate the Ground Lease or fail to exercise any material right the Partnership may have under the Ground Lease; or

(xxix) exercise or waive any rights under the Condominium Governing Documents that may have an adverse effect on the Limited Partner's, Special Limited Partner's or the State Limited Partner's ability to claim Tax Credits and/or State Housing Tax Credits, as applicable; or

(xxx) fail to deliver a copy of any material notice received pursuant to the Condominium Governing Documents to the Limited Partner within five (5) business days of receipt.

8.03 Sale of Project.

- (a) Intentionally Deleted.
- (b) Intentionally Deleted.
- (c) Intentionally Deleted.
- (d) Limited Partner and State Limited Partner Put.

(i) At all times after the end of the Credit Period, the Limited Partner and State Limited Partner, shall have the right, in their sole and absolute discretion, to put their entire Interest to the General Partner (or its designee) for a price equal to the sum of the following: (i) \$100.00, plus (ii) all Indebtedness (as defined in the Guaranty) due and owing to the Limited Partners and State Limited Partner under this Agreement (and the Guaranty) (the “LP Put”). Such transfers shall be made pursuant to an assignment and assumption agreement reasonably acceptable to the parties and the price for the LP Put shall be paid to the Limited Partners and State Limited Partner on the date of such transfers. The General Partner acknowledges that it shall remain obligated to operate the Project in accordance with the requirements of the Code and the Project Documents. The General Partner further acknowledges and agrees that the exercise by the Limited Partners and State Limited Partner of their rights under this Section 8.03(d) shall not be a waiver or limitation of (x) the obligations of the General Partner and Guarantors to the Limited Partners and State Limited Partner which have accrued, or relate to actions or events which have occurred, prior to the date the Limited Partners are no longer limited partners under this Agreement, and (y) the obligations of the General Partner and Guarantors under Section 8.10(c) of this Agreement, even if such obligation relates to actions or events which have occurred after the date the Limited Partners and/or State Limited Partner are no longer limited partners under this Agreement.

(ii) In addition to the rights under Section 8.03(d)(i) above, at all times after the end of the Compliance Period, the Limited Partners and State Limited Partner shall have the right, in their sole and absolute discretion, to put their entire Interests to the General Partner (or its designee) for a price equal to the amount the Limited Partners and State Limited Partner would have received under Section 11.04 (but excluding any treatment under Article 12 hereof and without regard to the Partners’ Capital Account balances) if the Project had been sold for its fair market value (the “LP FMV Put”). “Fair market value” as used herein shall be determined by a licensed appraiser selected by the Limited Partners who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project is located, at a commercially reasonable costs to the Partnership, and the Project shall be appraised as low-income housing to the extent continuation of such use is required under any and all Regulatory Agreements or other use restrictions. The Limited Partners’ and State Limited Partner’s notice of their option to exercise their put rights hereunder shall be accompanied by the Limited Partners’ appraisal. Such transfer of the Limited Partners’ and State Limited Partner Interests shall be made pursuant to an assignment and assumption agreement reasonably acceptable to the parties, to be executed and

delivered by both parties no later than sixty (60) days following receipt of the appraisal which establishes the agreed upon “fair market value” of the Project, and the price for the LP FMV Put shall be paid to the Limited Partners and State Limited Partner on the date of such transfers.

(e) Post-Transfer Requirements. The General Partner agrees that, from and after the date of any acquisition of the Limited Partners’ and/or State Limited Partner Interests by the General Partner pursuant to the LP Put or the LP FMV Put (any such date being the “Transfer Date”), even after the Limited Partners and/or State Limited Partner are no longer Partners of the Partnership, the General Partner shall comply with the following:

(i) The General Partner shall provide to Limited Partner and State Limited Partners, or their assignees or successors, through the end of the Compliance Period and any applicable statute of limitation timeframe thereafter, all notices, certifications, correspondence and reports relating to the Tax Credits, including, without limitation, a summary of any tenant compliance review conducted by the General Partner or its designee, a copy of the annual report filed with the Agency concerning the status of the Project as low-income housing, any IRS Form 8823 received by the Partnership, and the results of any REAC inspection conducted by the U.S. Department of Housing and Urban Development. In addition, the General Partner shall continue to provide the Limited Partners and State Limited Partner any notices received from any governmental agency and the Agency relating to the Tax Credits, including any IRS Form 8823 received in connection with the Project, after the end of the Compliance Period.

(ii) Notwithstanding any other provision of this Agreement, the General Partner shall deliver, or cause to be delivered, to the Limited Partners and State Limited Partner within ninety (90) days of any acquisition of the Limited Partners’ Interests pursuant to the LP Put or LP FMV Put, a pro forma federal income tax return and a Form K-1 for the Partnership for the taxable year ending on the Transfer Date applicable to the LP Put or the LP FMV Put for the Limited Partner’s and State Limited Partner’s review and comment. Any material changes in such proposed tax return recommended by the Limited Partner’s accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner.

(iii) The General Partner shall maintain all books and records and other items relating to the Project Documents and the Tax Credits at least through the end of a period ending five (5) years after the end of the Compliance Period for the Project or any longer period required by any Project Document or the Code. The General Partner shall make such books and records and other items available for inspection and copying by the Limited Partners, upon request with reasonable notice, at any time during such period.

(iv) The parties agree that the provisions governing the General Partner’s obligations as the Partnership’s Partnership Representative, and the Limited Partners’ rights in the event of a tax contest, shall remain in force and in effect with respect to any taxable period for which the Limited Partners were partners in the Partnership until the limitations period, as that term is described in Section 6501 of the Code, has expired for the last taxable period for which the Limited Partners are partners in the Partnership.

(v) Until and through the expiration of the Compliance Period, the General Partner shall not transfer or permit a transfer in any manner of all or any portion of the Project (or any

general partner interest or majority ownership and/or controlling interest in the General Partner and its successors and/or assigns, or of the General Partner's Interest in the Partnership) (collectively, or either, a "Transfer") unless (1) the General Partner is in compliance with this Agreement; (2) the transferee has agreed in writing to comply with the same covenants as set forth in this Agreement including compliance with any applicable use restrictions; (3) the Agency has approved of the transferee; (4) the principal(s) of the transferee, at least fifteen (15) days prior to the Transfer, deliver a certificate to the Limited Partners with evidence and documents satisfactory to the Limited Partners that (x) the transferee has assumed in writing the transferor's obligations under this Agreement (and/or the General Partner's organizational documents, as applicable); or (y) such transferee's principals provide a guarantee of the transferee's obligations under this Agreement and have a net worth and liquidity (consisting of cash and working capital (current assets less current liabilities), sufficient to pay any Tax Credit Shortfall (determined by the Limited Partners); (5) the Limited Partners would not be liable for any recapture of Tax Credits by reason of such Transfer; (6) the General Partner has received the Consent of the Limited Partners; and (7) the Guarantor and the General Partner have jointly and severally affirmed their continuing obligations under the Guaranty and this Agreement in writing in form and substance Consented to by the Limited Partners.

(f) Subordination. The sale, rights of first refusal and the rights afforded hereunder with respect to the sale of the Project hereunder shall be subject and subordinate to any and all liens securing the Tax-Exempt Loan.

8.04 Reserved

8.05 Reserved.

8.06 General Partner or Affiliates Dealing with Partnership. The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Partnership, (b) the goods or services to be furnished shall be reasonable for and necessary to the Partnership, (c) the fees, terms and conditions of such transaction are at least as favorable to the Partnership as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the General Partner or any Affiliate to perform the same services shall be compensated by the Partnership for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on 60 days' Notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners and the State Limited Partner in the reports required under Section 13.04. Neither the General Partner nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, the General Partner and its Affiliates may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other partnerships, government assisted housing developments similar to the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom. Notwithstanding anything to the contrary, the Partnership, the Partners, their

respective partners and Affiliates, and other agent of the foregoing, may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transactions contemplated herein and all materials of any kind (including opinions and other tax analyses) relating to such tax treatment.

8.08 Liability for Acts and Omissions. No General Partner or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 8.08 shall not apply to a General Partner in the case of gross negligence, intentional misconduct, fraud or any breach of fiduciary duty by such General Partner with respect to such acts or omissions. Any loss or damage incurred by any General Partner or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner or Affiliate thereof by reason of gross negligence, intentional misconduct or fraud of the General Partner or Affiliate thereof, or any breach of fiduciary duty as General Partner, with respect to such acts or omissions) shall be paid from Partnership assets to the extent available (but the Limited Partners and State Limited Partner shall not have any personal liability to the General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the General Partner or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Limited Partner, State Limited Partner, the Partnership and the General Partner.

The General Partner and the Partnership shall, jointly and severally, indemnify, defend, and save harmless the Limited Partner and the State Limited Partner from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Limited Partner and/or State Limited Partner based on any act, omission, malfeasance or nonfeasance of the Partnership or the General Partner, including without limitation any claim that the Limited Partner and/or the State Limited Partner is liable for any indebtedness of the Partnership and excluding only liability directly caused by the Limited Partner's and/or State Limited Partner's gross negligence, intentional misconduct or fraud. In addition, the General Partner and the Partnership shall, jointly and severally, indemnify, defend, save and hold harmless the Limited Partner, and its representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the General Partner, the Partnership or the Project prior to the Initial Closing.

The Partnership shall indemnify, defend, save and hold harmless the General Partner from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against a General Partner based on any act or omission of the Partnership or a General Partner, excluding

only liability caused by a General Partner's gross negligence, willful misconduct, fraud or any material breach of fiduciary duty as a General Partner. Any loss or damage incurred by a General Partner against which a General Partner is entitled to be indemnified pursuant to the preceding sentence shall be paid from Partnership assets to the extent available (but the Limited Partners and State Limited Partner shall not have any personal liability to a General Partner under any circumstances on account of any loss or damage incurred by a General Partner or on account of the payment thereof).

8.10 Construction of the Project, Construction Cost Overruns, Operating Deficits; Other General Partner Guarantees.

(a) Construction Completion Guaranty and Pre-Stabilization Operating Deficit Guaranty.

(i) The General Partner shall be responsible for:

(A) achieving completion of construction of the Project on a timely basis in a good and workmanlike manner without construction defects in accordance with the Plans and Specifications for the Project, the terms of this Agreement, the Project Documents and all applicable federal, state and local governmental requirements, including, without limitation, all local building and zoning laws, codes, ordinances, rules, regulations and orders;

(B) meeting all requirements for obtaining all necessary unconditional certificates of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Partnership to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders;

(E) funding of all reserves required to be established on or prior to Final Closing pursuant to Section 4.02 of this Agreement (including without limitation, the Operating Reserve and the Reserve Fund for Replacements) or pursuant to the terms of any Project Loan;

(F) paying for all Operating Deficits of the Project prior to the Stabilization Date; and

(G) achieving Substantial Completion, Final Closing and the Stabilization Date; and

(H) obtaining the HAP Contract.

(ii) The General Partner is obligated to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the General Partner pursuant to this subsection (ii) up to the GP Loan

Cap shall be treated as an unsecured GP Loan, bearing no interest with the GP Loans in the aggregate of up to \$[1,500,000] to be repaid by the Partnership pursuant to Section 11.03(b) and any remaining unpaid balance of GP Loans to be repaid by the Partnership pursuant to Sections 11.04 and 12.02(b). Any amounts paid by the General Partner pursuant to this subsection (ii) in excess of the GP Loan Cap shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership.

(iii) In the event that the General Partner shall fail to pay any such Excess Development Costs as required in this Section 8.10(a), the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.11 may be suspended by the Partnership, subject to the Consent of the Limited Partner in its sole discretion, until such obligations are met by the General Partner.

(iv) Any suspension of funds as may be required in this Section 8.10(a) and otherwise payable pursuant to Section 8.11 as aforesaid shall not constitute reductions in amounts owed pursuant to Section 8.11 and the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement.

(g) Post-Stabilization Operating Deficit Guaranty. (i) In the event that, at any time during the period commencing on achievement of the Stabilization Date and ending on the Release Date, an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s) (the “Operating Deficit Guaranty”); provided, however, that the General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$[3,764,250] (the “Operating Deficit Guaranty Cap”). Funds provided after the achievement of the Stabilization Date shall be in the form of a loan to the Partnership (the “Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) it shall be fully subordinated to payment of Project Loans, LP Loans, GP Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee and State Asset Management Fee. Notwithstanding the foregoing and/or the limitation set forth in Section 8.10(b) with respect to Operating Deficit Loans, the General Partner shall continue to be obligated to pay Operating Deficits beyond the Stabilization Date throughout the Compliance Period in the event the HAP Contract is no longer in effect or not being funded pursuant to the terms hereof until such time as the Project receives a replacement HAP Contract reasonably acceptable to the Special Limited Partner. In the event that the General Partner shall fail to make any such required Operating Deficit Loan as aforesaid, the Partnership, after obtaining the Consent of the Limited Partner, may suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 8.11 of this Agreement until such obligation to fund the Operating Deficit Loan is met by the General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 8.11 and the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they

become due under the Development Agreement. For the purpose of this Section 8.10(b), all expenses shall be paid on a 60 day current basis. Notwithstanding the foregoing, if, as of the Release Date, the balance of the Operating Reserve is less than the Operating Reserve Minimum, the obligation of the General Partner to provide funds to pay Operating Deficits shall continue (subject to the Operating Deficit Guaranty Cap) until the balance in the Operating Reserve is equal to or greater than the Operating Reserve Minimum.

(ii) In addition to the obligations under Section 8.10(b)(i) above, if at any time during the Compliance Period the Property Tax Exemption has been reduced or terminated (and is not reinstated), then the General Partner shall provide such funds to the Partnership as shall be necessary to pay any Operating Deficit(s) that arise during such time. The obligations under this Section 8.10(b)(ii) shall be separate and distinct from the Operating Deficit guaranty obligations set forth in Section 8.10(b)(i) and shall not be subject to any limitation applicable to the Operating Deficit guaranty obligations in Section 8.10(b)(i) above.

(c) Tax Credit Compliance Guaranty. The following is herein referred to as the “Tax Credit Compliance Guaranty”:

(i) If with respect to any fiscal year of the Partnership there is a Tax Credit Shortfall, the General Partner irrevocably and unconditionally guarantees, within 45 days following the close of such fiscal year, payment to the Limited Partner of an amount equal to (A) the amount of the Tax Credit Shortfall for the fiscal year immediately preceding the payment due date, (B) all penalties and interest imposed by the Code and assessed against the Limited Partner by the Service with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.10(c)(i) (such calculation to be made assuming the Limited Partner and the State Limited Partner are subject to the highest federal and state tax rates imposed on corporate taxpayers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The General Partner irrevocably and unconditionally guarantees payments specified in this Section 8.10(c)(ii) to the Limited Partner if there is a Tax Credit Recapture Event. The payments required by this Section 8.10(c)(ii) shall be the sum of the following amounts: (A) the amount of Tax Credits previously allocated to the Limited Partner and subsequently disallowed because of such Tax Credit Recapture Event; (B) the “credit recapture amount” (as defined in Code Section 42(j)(2)) allocated to the Limited Partner because of such Tax Credit Recapture Event (excluding any amount of disallowed Tax Credits already included pursuant to clause (A)); (C) all penalties and interest imposed by the Code and assessed against the Limited Partner by the Service with respect to such Tax Credit Recapture Event; (D) if the cause of the Tax Credit Recapture Event will, in the reasonable determination of the Limited Partner, decrease the maximum amount of Federal Housing Tax Credits that will be available to the Partnership and allocated to the Limited Partner during the remainder of the Compliance Period, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease ;and (E) an amount sufficient to pay

any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C), (D) and this clause (E) of this Section 8.10(c)(ii) (such calculation to be made assuming the Limited Partner is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from the date the Limited Partner remits funds to a taxing authority with respect to a Tax Credit Recapture Event. The General Partner shall make such payment to the Limited Partner within 45 days of the Tax Credit Recapture Event.

(iii) Notwithstanding any provisions in Section 5.01 and Section 8.10(c) to the contrary, there shall be no adjustment in the Limited Partner's Capital Contribution or liability under the Tax Credit Compliance Guaranty resulting from a Downward Federal Capital Adjustment, Tax Credit Shortfall or Tax Credit Recapture Event, if such Downward Federal Capital Adjustment, Tax Credit Shortfall or Tax Credit Recapture Event is due solely to (x) the transfer by the Limited Partner of all or a portion of its Interest in the Partnership or (y) a repeal, amendment or modification to Section 42 of the Code, or other applicable section of the Code or the regulations thereunder after the date hereof with which the General Partner is unable to comply despite the exercise good faith and reasonable efforts.

(d) Project Loan Funding Guaranty. The General Partner irrevocably and unconditionally guarantees and covenants that the Partnership shall receive full funding of the Project Loans on or before Final Closing, on the terms set forth on **Exhibit B** attached hereto. The Project Loan documents shall contain such other terms as may be Consented to by the Limited Partner. The General Partner shall have no authority to cause Conversion if the Debt Service Coverage Ratio would be less than 1.15 to 1.0 for the duration of the Compliance Period using the assumptions from the definition of Final Closing. In the event that the amount of the Permanent Tax-Exempt Loan Amount must be reduced in order to achieve a 1.15 to 1.0 Debt Service Coverage Ratio for the duration of the Compliance Period using the assumptions from the definition of Final Closing, the General Partner, the Guarantor (pursuant to the Guaranty) and the Developer (pursuant to the Development Agreement) shall be jointly and severally obligated to provide funds to the Partnership in the amount of any difference between the reduced amount of the Permanent Tax-Exempt Loan Amount and the anticipated amount of the Permanent Loan as set forth in the Projections (a "Financing Shortfall"). Funds expended by the General Partner, the Developer or the Guarantor in connection with a Financing Shortfall, pursuant to their respective obligations hereunder, under the Development Agreement or pursuant to the Guaranty respectively, shall be made available without right of reimbursement, and any funds provided shall not be deemed Capital Contributions or GP Loans by the General Partner and shall not affect the Partners' rights to distributions hereunder. The obligations under this Section 8.10(d) shall be separate and distinct from the Operating Deficit Guaranty obligations set forth in Section 8.10(b) above and shall not be subject to any limitation applicable to the Operating Deficit Guaranty obligations. The obligations under this Section 8.10(d) shall be separate and distinct from the Operating Deficit Guaranty obligations set forth in Section 8.10(b) above and shall not be subject to any limitation applicable to the Operating Deficit Guaranty obligations.

(e) State Tax Credit Compliance Guaranty. The following is herein referred to as the “State Tax Credit Compliance Guaranty”:

(i) If with respect to any fiscal year of the Partnership there is a State Tax Credit Shortfall, the General Partner irrevocably and unconditionally guarantees, within 45 days following the close of such fiscal year, payment to the State Limited Partner of an amount equal to (A) the amount of the State Tax Credit Shortfall for the fiscal year immediately preceding the payment due date, (B) all penalties and interest imposed and assessed against the State Limited Partner by the Agency with respect to any State Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by the State Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.10(e)(i) (such calculation to be made assuming the State Limited Partner is subject to the highest federal and state tax rates imposed on corporate taxpayers under the Code at that time for the taxable year of the State Limited Partner in which such payment is taken into income by the State Limited Partner) together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The General Partner irrevocably and unconditionally guarantees payments specified in this Section 8.10(e)(ii) to the State Limited Partner if there is a State Tax Credit Recapture Event. The payments required by this Section 8.10(e)(ii) shall be the sum of the following amounts: (A) the amount of State Housing Tax Credits previously allocated to the State Limited Partner and subsequently disallowed because of such State Tax Credit Recapture Event; (B) the “credit recapture amount” (as defined in Code Section 42(j)(2)) allocated to the State Limited Partner because of such State Tax Credit Recapture Event; (C) all penalties and interest imposed and assessed against the State Limited Partner by the Agency with respect to such State Tax Credit Recapture Event; (D) if the cause of the State Tax Credit Recapture Event will, in the reasonable determination of the State Limited Partner, decrease the maximum amount of State Housing Tax Credits that will be available to the Partnership and allocated to the State Limited Partner during the remainder of the Compliance Period, then an amount equal to the total amount of such decrease; and (E) an amount sufficient to pay any tax liability owed by the State Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C), (D) and this clause (E) of this Section 8.10(e)(ii) together with interest on such amounts at the Prime Rate accruing from the date the State Limited Partner remits funds to a taxing authority with respect to a State Tax Credit Recapture Event. The General Partner shall make such payment to the State Limited Partner within 45 days of the State Tax Credit Recapture Event.

(iii) Notwithstanding any provisions in Section 5.01 and Section 8.10(e) to the contrary, there shall be no adjustment in the State Limited Partner’s Capital Contributions or liability under the State Tax Credit Compliance Guaranty resulting from a Downward State Capital Adjustment, State Tax Credit Shortfall or State Tax Credit Recapture Event, if such Downward State Capital Adjustment, State Tax Credit Shortfall or State Tax Credit Recapture Event is due solely to (x) the transfer by the State Limited Partner of all or a portion of its Interest in the Partnership or (y) a repeal, amendment or modification to laws governing the State Housing Tax Credits, or the regulations thereunder after the date hereof with which the General Partner is unable to comply despite the exercise of good faith and reasonable efforts.

8.11 Development Fee. The Partnership has entered into a Development Agreement of even

date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$[13,377,273] (or such other amount as allowed by the Agency and Consented to by the Limited Partner) shall be payable by the Partnership, in accordance with the terms of the Development Agreement and Article XI of this Agreement. Of the total Development Fee, \$[4,036,820] is anticipated to be deferred and paid out of Net Cash Flow, which deferred amount shall accrue interest of three percent (3%) per annum commencing as of the Limited Partner's Final Capital Contribution. Notwithstanding anything to the contrary contained herein, the General Partner shall guarantee payment by the Partnership of the Development Fee as provided in Section 5.01(b).

8.12 Incentive Management Fee. The Partnership has entered into an Incentive Management Fee Agreement with the General Partner of even date herewith for their services in managing the business of the Partnership for the period from the date hereof throughout the term of the Partnership. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.13 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) a General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement after Notice from the Limited Partner of such noncompliance and failure to cure such noncompliance within a period of 30 days from and after the date of such Notice unless such General Partner commences cure of such noncompliance within such 30 day period and uses diligent efforts to achieve such cure by no later than 60 days after the date of such Notice, otherwise the withholding of fee payments will commence in the event there is a failure to cure within 60 days after the date of such Notice or (ii) any Project Lender shall have declared the Partnership to be in default under any Project Loan, or (iii) foreclosure proceedings shall have been commenced against the Project, then (A) the General Partner shall be in default of this Agreement, and the Partnership may, after obtaining the Consent of the Limited Partner, withhold payment of any installment of fees and/or allowance payable pursuant to Sections 8.11 and/or 8.12 to such General Partner and (B) such General Partner shall be liable for the Partnership's payment of any and all installments of the Development Fee payable to such General Partner or its affiliate Developer pursuant to Section 8.11. Any amount of Development Fee withheld hereunder shall be withheld only until such time as the final payment is due under the Development Agreement and shall be paid in accordance with Section 5.01(b) hereof.

(b) Release of Fees. All amounts so withheld by the Partnership under this Section 8.13 shall be promptly released to the payees thereof only after the General Partner has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner, or to the extent that the General Partner uses such amount to cure the default justifying the withholding and the General Partner cures such default simultaneously with the release of such amounts.

8.14 Selection of Management Agent. The Partnership shall engage such person, firm or company as the General Partner may select, subject to the Special Limited Partner's Consent and subject to the Class B Limited Partner's prior written approval (not to be unreasonably withheld or delayed), to manage the operation of the Project during the rent up period and following Final Closing.

The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Consent of the Special Limited Partner and Class B Limited Partner, but in no event will the annual management fee be greater than five percent (5%) of the annual gross revenues of the Project (inclusive of the 4% fee payable to the non-affiliated Management Agent and 1% to the Housing Authority). The contract between the Partnership and the Management Agent and the management plan for the Project, shall be in a form reasonably acceptable to the Special Limited Partner and Class B Limited Partner. Such contract shall provide, among other things, that it shall be cancelable upon 30 days' prior notice from the Partnership, and that, if the Management Agent is an Affiliate of the General Partner, the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Further, if the Management Agent is an Affiliate of the General Partner, the Management Agent will accrue fifty percent (50%) of the management fee until all other operating expenses are paid unless otherwise agreed by the Special Limited Partner, and, if required, the Project Lenders. For purposes hereof, the term "Initial Management Agent" shall be deemed to include both HCHP Property Management, LP (which shall include sub-management by Michaels Management Affordable and the Housing Authority). The annual property management fee is in the amount and is allocated as follows: an amount equal to 4% of gross revenues shall be payable to Michaels Management-Affordable and an amount equal to 1% of gross revenues shall be paid to the Housing Authority (the "Property Management Fee"). The share of property management fees to the Housing Authority shall be referred to as the "Subordinate Property Management Fee" and shall be payable subject to available Net Cash Flow in accordance with Section 11.03(b) and shall not accrue.

8.15 Removal of the Management Agent. The General Partner:

(a) may, upon receiving any required approval of the Agency and Project Lenders, if required, and Consent of the Special Limited Partner, dismiss the Management Agent as the entity responsible for the management of the Project under the terms of the contract between the Partnership and the Management Agent,

(b) shall, at the request of the Special Limited Partner, remove the Management Agent if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Partnership and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Project, or the Project Lenders' approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or any provision of applicable law; or

(iii) causes the Project to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of Tax Credit; and

(c) shall include in any Management Agreement, a provision that the Special Limited Partner shall have the right to terminate the Management Agreement in the event the General Partner is removed pursuant to the terms of this Agreement.

8.16 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent shall be named by the General Partner, subject to the approval of the Project Lenders, if required, and the Consent of the Special Limited Partner, which shall not be unreasonably withheld. Notice of any such removal and/or replacement of the Management Agent shall be provided to the State Limited Partner.

8.17 Loans to the Partnership. The Partnership is authorized to receive the Project Loans, Operating Deficit Loans, GP Loans and LP Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, and (b) the Partnership has not received Operating Deficit Loans, GP Loan or an LP Loan to pay such amounts, then the Partnership may, subject to the Consent of the Limited Partners and the State Limited Partner, borrow such funds as are needed from a Person or organization, other than a Partner or an Affiliate of a Partner, in accordance with the terms of this Section 8.17, for such period of time and on such terms as the General Partner and the Limited Partner may agree. Nothing in this Section 8.17 shall modify or affect the obligation of the General Partner to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.18 Guaranty. Concurrently with the Initial Closing, the General Partner shall deliver to the Limited Partner and State Limited Partner (a) the Guaranty fully executed by the Guarantor, and (b) an opinion of counsel to the Guarantor in form satisfactory to the Limited Partner and State Limited Partner regarding the Guaranty.

8.19 Operating and Capital Budgets. Not less than 60 days prior to the commencement of each fiscal year, the General Partner shall submit to the Special Limited Partner for its Consent, with a copy to the General Partner, a detailed proposed operating and capital budgets for the Project and the Partnership for the next fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the General Partner or its Affiliates. The Special Limited Partner shall submit its response to such proposed budgets to the General Partner within 30 days (or such shorter period of time as may be requested by any Project Lender, but in no event less than 15 days) after its receipt of such proposed budgets; such response shall either evidence its Consent to the proposed budgets or shall contain specific comments and recommendations with respect thereto. If no such response is submitted by the Special Limited Partner to the General Partner within such period, the Special Limited Partner will be deemed to have Consented to such budgets.

8.20 Partnership Management Fee. In consideration of the management, oversight and other services provided to the Partnership by the General Partner and Class B Limited Partner, the Partnership shall pay an annual fee (the "Partnership Management Fee") equal to Twenty Thousand Hundred Dollars (\$20,000) to be paid fifty percent (50%) to the General Partner and fifty percent (50%) to the Class B Limited Partner. The Partnership Management Fee shall (1) commence upon the third anniversary of Initial Closing, (2) be paid annually solely from the Net Cash Flow of the Partnership specifically designated for payment of the Partnership Management Fee under Section

11.03(b), Section 11.04, or Section 12.02 hereof, and (3) be paid to the General Partner as set forth in this Section 8.20. To the extent not paid, the Partnership Management Fee shall [not accrue].

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF LIMITED PARTNERS

9.01 Transfer of Limited Partners' and State Limited Partner's Interests.

(a) The Limited Partner and the State Limited Partner shall have the right to transfer all or any portion of its Interests, without the Consent of the General Partner, to a Fund, at any time and from time to time. The Limited Partner and State Limited Partner shall have the right to sell, transfer and/or assign limited partner or investor member interests within the Fund, without the Consent of the General Partner, at any time and from time to time, provided, however the Limited Partner shall reimburse the Partnership for any reasonable third party incremental accounting costs attributable to such transfer. The Limited Partner and/or the State Limited Partner shall provide Notice to the General Partner of any such transfer of its Interest. Notwithstanding the foregoing, in no event shall the General Partner or Class B Limited Partner's consent to a transfer of the Limited Partner's Interest be required after the Limited Partner has made all Capital Contributions required hereunder unless it were to a Prohibited Actor. "Prohibited Actor" means any party, or their affiliates, who (a) is listed as a prohibited/debarred party by any state finance agency as a result of its interactions with respect to year 15 issues; or (b) the General Partner or Class B Limited Partner can provide evidence acceptable to the Limited Partner that the party has attempted to impede, failed to permit, or unreasonably delayed the exercise, pursuant to the terms of the documents as drafted, of the Section 42(i)(7) right of first refusal in an agreement with a non-profit sponsor/grantee.

(b) Except as described in Section 9.01(a), under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Limited Partner's and/or State Limited Partner's Interest be permitted unless the General Partner, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have consented thereto, provided however, that the General Partner's Consent shall not be required for a pledge by the Limited Partner and/or the State Limited Partner of its respective Limited Partner and/or State Limited Partner Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Limited Partner in the Partnership or exercise any voting rights of the Limited Partner and/or State Limited Partner.

9.02 Admission of Substitute Limited Partners.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of a Limited Partner pursuant to Section 9.01(a) (which shall be understood to include a Fund, or any purchaser, transferee, donee, or other recipient of any disposition of such Interest) or an assignee of the Interest of the State Limited Partner pursuant to Section 9.01(c) shall be deemed admitted as a Substitute Limited Partner of the Partnership upon Notice to all Partners without the need for further action of any parties or the need for an amendment hereto; provided, that upon such admission as a Substitute Limited Partner, such assignee or transferee will be deemed to have assumed all obligations of the Limited Partner and/or State Limited Partner, as applicable, under this Agreement and further provided that an amended

Certificate evidencing the admission of such Person as a limited partner shall be promptly filed for recording pursuant to the requirements of the Act, if required.

(b) Subject to the other provisions of this Article IX, an assignee of the Interest of a limited partner other than pursuant to Section 9.01(a), shall be deemed admitted as a Substitute Limited Partner or Substitute State Limited Partner of the Partnership upon completion of the following:

(i) Consent of the General Partner, the Limited Partner, the State Limited Partner and the consent of the Project Lenders, if required, shall have been given; such Consent of the General Partner, Limited Partner or State Limited Partner may be evidenced by the execution by the General Partner, Limited Partner and State Limited Partner of an amended Agreement and/or Certificate evidencing the admission of such Person as a limited partner pursuant to the requirements to the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01(a);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing the Assignment pursuant to which it assumes all of the obligations of the Limited Partner and/or State Limited Partner, as applicable, to be performed hereunder from and after the effective date of the Assignment;

(iii) an amended Agreement or Certificate evidencing the admission of such Person as a limited partner shall have been filed for recording pursuant to the requirements of the Act, if required; and

(iv) if the assignee is a corporation, limited liability company or other entity, then the assignee shall have provided the General Partner with evidence satisfactory to Counsel for the Partnership of its authority to become a limited partner under the terms and provisions of this Agreement.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute Limited Partner or Substitute State Limited Partner shall be treated as having become, and as appearing in, the records of the Partnership as a Partner upon his signing of an assumption agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(a), Section 9.01(c) or an amendment to this Agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(b) or Section 9.01(d).

(d) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner or Substitute State Limited Partner by preparing the documentation required by this Section and making all official filings and publications. In such event, the Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as a limited partner, filing of tax returns and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a limited partner of the conditions contained in this Article IX to the admission of such Person as a limited partner of the Partnership. Any cost or expense incurred by the Partnership in connection with preparation and filing of such

documentation shall be borne by the transferring limited partner, the payment of which shall be a condition to the Partnership's recognizing the admission of any Substitute Limited Partner or Substitute State Limited Partner, as the case may be. The transferring limited partner shall be solely responsible for, and shall indemnify and hold the Partnership and the General Partner and other limited partners harmless from, any transfer taxes and/or taxes in the nature of controlling-interest transfer taxes attributable to any sale, pledge, transfer or assignment of the limited partner's Interest (including any transfer of interests in the transferring limited partner) other than (i) in connection with the initial admission of the Limited Partners and State Limited Partner to the Partnership, (ii) the initial transfer of the Limited Partner's Interest to a Fund, and (iii) any purchase of the Limited Partner's Partnership Interest by the General Partner or an Affiliate of the General Partner.

(e) Prior to admission of the Substitute Limited Partner or Substitute State Limited Partner, the General Partner agrees to provide, at the expense of the Limited Partner and/or State Limited Partner, as applicable and upon the request of the Limited Partner, the State Limited Partner or their assignee, a "date down" title endorsement (as described in **Exhibit K** and to execute such documents as the Title Company may require in connection therewith), an environmental update, tax and judgment lien searches and legal opinion updates.

9.03 Rights of Assignee of Partnership Interest.

(a) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any limited partner of its Interest until the Partnership has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of a limited partner's Interest, but does not become a Substitute Limited Partner or Substitute State Limited Partner, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any limited partner desiring to make an assignment of its Interest.

ARTICLE X RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

10.01 Management of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner and no Class B Limited Partner shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner or Class B Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No Limited Partner or Class B Limited Partner shall have any power or authority with respect to the Partnership except insofar as the consent of any Limited Partner or Class B Limited Partner shall be expressly required and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Limited Partners. The liability of each Limited Partner and the State Limited Partner is limited to its Capital Contribution as and when payable under the provisions of this Agreement, and as provided under the Act. No Limited Partner shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall any

Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. No Limited Partner or State Limited Partner shall be obligated to make loans to the Partnership.

10.03 Disclosures by the Limited Partners. The General Partner acknowledges and expressly agrees that the Limited Partner, the State Limited Partner, the Special Limited Partner and their respective partners and Affiliates may (i) share or disclose information with or to investors, proposed investors, their agents and representatives, regulators and Agencies, and (ii) discuss matters reasonably related to the Project and Partnership and share or disclose information with Project Lenders, parties to Project Documents, prospective lenders, the Agency and other regulatory agencies, and any such disclosures and discussions are expressly permitted and agreed to and shall not constitute a breach of any duty or obligation, fiduciary or otherwise, owed to the Partnership, the General Partner by the Limited Partner, the State Limited Partner or the Special Limited Partner; provided, however, that the Limited Partner, the Special Limited Partner and the State Limited Partner shall take reasonable efforts not to disseminate confidential information to outside parties not otherwise involved (directly or indirectly) in the development, operation or financing of the Project.

10.04 Other Activities. Any Limited Partner or State Limited Partner may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general or limited partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Project. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

10.05 Inspection. The Limited Partner and State Limited Partner shall have the right, from time to time, upon prior reasonable notice during business hours, to make a physical inspection of the Project, subject to the rights of existing tenants.

ARTICLE XI PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of this Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items specified in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Partners in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Partner in the same proportion as Profits and Losses are allocated to such Partner.

(c) Qualified Allocations. Notwithstanding any provision in this Agreement to the contrary, in no event shall the Class B Limited Partner be allocated more or less than its

Percentage Interest, which Class B Limited Partner Percentage Interest being no greater than 0.001%, determined as of the date hereof, of any item of Partnership income, gain, loss, deduction, credit, basis, cash flow or sale/refinance proceeds.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Section 11.07 and Section 12.02(b), Profits and Losses recognized by the Partnership upon a Capital Transaction shall be allocated in the following manner:

(a) Subject to Section 11.02(c), Profits shall be allocated (i) first, to the General Partner, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, such General Partner's negative Capital Account (disregarding any deficit restoration obligation, if applicable) in the Partnership; provided that no gain shall be allocated under this Section 11.02(a)(i) to the General Partner once such General Partner's Capital Account (disregarding any deficit restoration obligation, if applicable) is brought to zero, (ii) second, to the Partners with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Capital Accounts in the Partnership; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Partner once such Partner's Capital Account (disregarding any deficit restoration obligation, if applicable) is brought to zero and (iii) third, gains in excess of the amount allocated under clause (i) and (ii) shall be allocated to the Partners in the amounts and to the extent necessary to increase the Partners' respective Capital Accounts so that the proceeds distributed under Section 11.04(f)-(h) will be distributed in accordance with the Partners' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Partners' Capital Accounts, and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the Economic Risk of Loss associated with such loss or, if none, to the Partners in accordance with their Percentage Interests.

(c) Any portion of the Profits treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to the Recapture Amount had been previously allocated.

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. [Income received by the Partnership from the period commencing upon Substantial Completion and ending upon Final Closing (i) shall be used to fund Development Costs and (ii) shall not be distributed during such period and shall be included in the calculation of the Net Cash Flow to be distributed on the first Payment Date following Final Closing.] [Under review] Income received by the Partnership after Final

Closing shall be distributed as Net Cash Flow and shall be distributed on each Payment Date commencing with the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) to the Limited Partner and State Limited Partner, pro rata, in an amount equal to any Unpaid Tax Credit Shortfall or any Unpaid State Tax Credit Shortfall, for any outstanding LP Loans and for any other amounts due and owing to the Limited Partner or State Limited Partner;

(ii) to the Special Limited Partner for any Asset Management Fees that were not paid in full when due pursuant to Section 13.04(j)(iv);

(iii) to the State Limited Partner for any State Asset Management Fees that were not paid in full when due pursuant to Section 13.04(j)(v);

[(iv) to replenish the Operating Reserve pursuant to Section 4.02(m) hereof];

[(v) until all amounts due under the Development Agreement have been paid in full, to the payment of such amounts];

[(vi) to the payment of the Partnership Management Fee in accordance with Section 8.20];

(vii) to the payment of any outstanding Operating Deficit Loans and GP Loans, based on the respective outstanding balances of each;

(viii) to the payment of the Subordinate Property Management Fee;

(ix) 75% to repay the RHRF Loan in accordance with the documents governing such loan until such loan is paid in full;

(x) 58.75% first (i) to the Lessor to the payments of Base Rent and Accrued Base Rent (as such terms are defined in the Ground Lease), provided in no event shall any payment exceed an amount equal to any currently due and payable Base Rent and Accrued Base Rent, then (ii) to the payment of the HPHA Loan;

(xi) 90% of the remaining Net Cash Flow to the payment of the Incentive Management Fee; and

(xii) thereafter, 99.979% to the Limited Partner; 0.01% to the State Limited Partner, 0.009% to the General Partner, 0.001% to the Class B Limited Partner, and 0.001% to the Special Limited Partner, provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under Sections 11.03(b)(xi) and (xii) is less than 10% of the aggregate amount distributed pursuant to Sections 11.03(b)(xi) and (xii), then the Limited Partner shall receive a priority

distribution before any distributions under Sections 11.03(b)(xi) and (xii) in an amount such that, when added to the sum distributable to the Limited Partner under Sections 11.03(b)(xi) and (xii), shall equal 10% of the aggregate amount distributed pursuant to Sections 11.03(b)(xi) and (xii).

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, the total amount of Net Cash Flow which may be so distributed to the Partners with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Partnership. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Partnership assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including amounts due pursuant to any Project Loan, but excluding (1) debts and liabilities of the Partnership to Partners or any Affiliates (including the HPHA Loan), and (2) all unpaid fees owing to the General Partner under this Agreement (all remaining net proceeds after such payment are referred to herein as “Remaining Net Proceeds”); Remaining Net Proceeds from any sale of the Project (“Sale”) shall be applied as follows: (i) an amount equal to the Priority Payments and the 25% Priority Share (each as defined below) shall be distributed pursuant to subsections [(b) through (h)] below; and (ii) the remainder shall be applied to payment of any Base Rent and Accrued Base Rent (as such terms are defined in the Ground Lease) due under the Ground Lease and the HPHA Loan;

(b) to the payment of all expenses of the Partnership and the Lessor if not already paid pursuant to section (a) incident to any such sale or refinancing;

(c) to the setting up of any reserves which the Liquidator (or the General Partner if the distribution is not pursuant to the liquidation of the Partnership) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(d) to the payment of any debts and liabilities (including unpaid fees) owed to the Partners or any Affiliates by the Partnership for Partnership obligations (excluding the HPHA Loan); provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Limited Partner and State Limited Partner, an amount equal to any Unpaid Tax Credit Shortfall and/or any Unpaid State Tax Credit Shortfall on a pro rata basis (applied first to accrued but unpaid interest (at the Default Rate) and then principal) or LP Loans; (ii) to the payment of any outstanding accrued and unpaid Asset Management Fees, Partnership Management Fee, and State Asset Management Fees; (iii) to the Limited Partner an amount equal to any Special Additional Capital Contribution; (iv) amounts due under the Development Agreement; (v) to the payment of any outstanding Operating Deficit Loans or GP Loans; (vi) to the payment of the Partnership

Management Fee, in accordance with Section 8.20; (vii) amounts due with respect to Operating Deficit Loans, if any; and (viii) any other such debts and liabilities (excluding the HPHA Loan);

(e) to the reimbursement to the General Partner and/or the Class B Limited Partner for reasonable third party fees incurred in connection with an unrelated third-party sale;

(f) Limited Partners and State Limited Partner in proportion to the relative amounts of Net Projected Tax Liabilities of the Limited Partner's and State Limited Partner's partners or members and their respective partners or members until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities

(g) to the General Partner to the relative amounts of Net Projected Tax Liabilities of the General Partner until it has received, cumulatively, an amount equal to its respective Net Projected Tax Liabilities; and

(h) the balance, 89.989% to the General Partner, 0.001% to the Class B Limited Partner, 9.99% to the Limited Partner, 0.01% to the State Limited Partner, and 0.01% to the Special Limited Partner.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Limited Partner, Special Limited Partner and State Limited Partner not later than 20 days prior to the Partnership entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Limited Partner, Special Limited Partner and State Limited Partner not later than 20 days prior to the making of any such distribution.

In the event of a Sale resulting from the exercise of the Housing Authority Purchase Option, "Priority Payments" means the amount of any outstanding GP Loans, any outstanding and accrued Partnership Management Fee, outstanding Operating Deficit Loans and any expenses of the Partnership and Lessor incident to the Sale, and "25% Priority Share" means 25% of the amount of the difference between Remaining Net Proceeds and the amount of Priority Payments; otherwise (i.e. if there is no such Sale resulting from the exercise of the Housing Authority Purchase Option, "Priority Payments" and 25% Priority Share shall each be \$0.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Partner, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Partners which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

(b) The Partnership shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the Service with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the General Partner makes any Operating Deficit Loans pursuant to Section 8.10(b), any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to the General Partner and, upon repayment of such Operating Deficit Loans, the General Partner shall be allocated gross income equal to the amount of such repayment.

(h) Any income attributable to the Capital Contribution of a General Partner will be allocated to such General Partner.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the

Partnership (net of any liabilities secured by such property) and such Partner's allocable share of the net income gains and profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all cash flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any sale or refinancing of the Project distributed to such Partner, and such Partner's allocable share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make Capital Contributions in the amount of such deficit in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3), provided, however, such Capital Contribution shall not exceed the lesser of (x) the General Partner's actual negative Capital Account balance and (y) \$1,000,000. In the event that the Limited Partner's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Partnership in connection with such deficit. Notwithstanding the foregoing, in the event the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Partnership, the Partnership assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership. Immediately thereafter, the terminated partnership shall be deemed to have distributed interests in the new partnership to the partners of the terminated partnership in proportion to their respective interests in the terminated partnership in liquidation of the terminated partnership. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, upon and after date the first building in the Project is placed in service (for purposes of Code Section 168), the Limited Partner shall be obligated to restore a deficit balance in its Capital Account (as determined after giving full effect to all Capital Account adjustments for the Partnership during the year in which such liquidation occurs) in the event there is a liquidation within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), in the amount equal to the lesser of (i) the amount of such deficit balance and (ii) the aggregate amount of the Limited Partner's future expected Capital Contributions, in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3); and thereafter, the Limited Partner's obligation to restore a deficit balance in its Capital Account shall be reduced to zero in the first subsequent taxable year that the Limited Partner has a positive balance in its Capital Account.

(c) Reserved.

(d) Deficit Restoration.

(i) Notwithstanding anything to the contrary contained herein, the Limited Partner may, elect to be unconditionally obligated to restore all or a portion of any deficit in the Limited Partner's Capital Account upon liquidation of its Interest in the Partnership. Any such election shall be evidenced by written notice to the General Partner, delivered prior to such time, specifying the amount of any deficit for which the Limited Partner elects a deficit restoration obligation. Any amount owing pursuant to a deficit restoration obligation shall be payable upon the later of (a) the end of the fiscal year in which the Limited Partner's Interest is liquidated or (b) ninety (90) days after the date of such liquidation.

(ii) The amount of any such election shall automatically be reduced to the extent the deficit in the Limited Partner's Capital Account (after reduction for the items described in (4), (5) and (6) of Section 1.704-1(b)(2)(ii)(d) of the Regulations) is subsequently reduced or eliminated as of the end of the Partnership's taxable year without affecting the validity of prior allocations. If an allocation or distribution thereafter increases the deficit in the Limited Partner's Capital Account, unless the Limited Partner elects otherwise under (i) below, the Limited Partner will be obligated to restore the deficit only to the extent of the lesser of (i) the deficit amount the Limited Partner has previously elected to restore or (ii) the smallest deficit balance in the Limited Partner's Capital Account (after reduction for the items described in (4), (5) and (6) of Section 1.704-1(b)(2)(ii)(d) of the Regulations) as of the end of the Partnership's taxable year subsequent to the taxable year for which the election was made in Section 11.01 hereof. For purposes of determining the amount referred to in (ii), the income, gain, losses and deductions of the Partnership shall be allocated under an interim closing of the books method.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under Sections 11.01(a) and (b):

(a) Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated to the Partners in accordance with their Percentage Interests.

(ii) Any recapture of Tax Credits are allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(iii) Notwithstanding anything to the contrary contained herein, one hundred percent (100%) of all State Housing Tax Credits shall be allocated to the State Limited Partner.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Partner would cause that Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Partnership, then those Losses will not be allocated to that Partner, but rather will be

specially allocated to the remaining Partners in proportion with their relative interests in the Partnership.

(ii) In the event some but not all of the Partners would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Partner-by-Partner basis so as to allocate the maximum permissible Losses to each Partner who is not a General Partner under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the General Partner.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Partner in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such special allocation of Losses away from such Partner under such subsection (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Partners in excess of the amount permitted by Section 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Partners in accordance with their Percentage Interests.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Partnership's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Partner shall be specially allocated a *pro rata* portion of each of the Partnership's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Partnership's Minimum Gain occurs in connection with the disposition of all or any portion of the Project, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Partnership's Minimum Gain during any taxable year with respect to a Partner Nonrecourse Debt, the Partner bearing the Economic Risk of Loss with respect to such Partner Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Partnership's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that

such net decrease in the Partner's Minimum Gain occurs in connection with the disposition of all or any portion of Project, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Partner unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Partner as quickly as possible. The special allocations required pursuant to this subsection (h) are made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article XI have been tentatively made as if this subsection (h) were not in this Agreement. This subsection (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Partner must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in this Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Partners pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Partners so that, to the extent possible in the judgment of the General Partner, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treas. Reg. §1.752-3(a)(3), the Partners' respective interests in Partnership Profits shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Partners' Intent

(i) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the General Partner, shall upon the direction in writing of the Special Limited Partner, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to (i) ensure that all allocations to the Class B Limited Partner constitute "qualified allocations" under Section 168(h)(6)(B) of the Code if the failure of any such allocations to constitute qualified allocations would prevent the Limited Partner from being allocated the deductions and credits shown as being allocated to the Limited Partner in the financial projections Consented to by the Limited Partner and (ii) ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Partners are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder if the allocations provided in this Article XI would not so comply. Any allocation made pursuant to this Section 11.07(m)(i) shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or Consent of any Partner shall be required.

(ii) In making any new allocation under Section 11.07(m)(i), the General Partner is authorized to act only upon the direction in writing of the Special Limited Partner or the Limited Partner.

(iii) If the General Partner receives a recommendation from the Accountants to make any such new allocation in a manner less favorable to the Limited Partner or State Limited Partner than is otherwise provided for in this Article XI, then the General Partner shall do so only with the Limited Partner's or the Special Limited Partner's Consent and only after having given the Limited Partner and the Special Limited Partner the opportunity to discuss such allocation with the Accountants, and only after the General Partner has been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Limited Partners as nearly as possible to the allocations thereof otherwise contemplated by this Article XI.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner. However, if the General Partner is exempt from federal income taxation under Section 501(c)(3) of the Code or any other Code provision, then the allocations to the General Partner under this 11.07(n) shall be limited to the highest percentage of the Partnership's property treated as tax-exempt use property, as reflected in the Projections.

(o) §266 Election. If requested by the Special Limited Partner, the General Partner shall cause the Partnership to make an election pursuant to Section 266 of the Code to capitalize interest expenses until the Project is placed in service.

(p) The Partnership Representative shall cause the Partnership to elect to be an Electing Real Property Trade or Business, as such terms are defined in the Tax Cuts and Jobs Act (H.R. 1) and Section 163(j)(7)(B) of the Code, for the year 2024 and thereafter.

(q) Special Allocation. Notwithstanding the foregoing, all losses and deductions attributable to [administrative expenses, insurance, water and sewer] expenses shall be specially allocated to the State Limited Partner to the extent of its positive Capital Account balance, after which time, such losses and deductions are to be specially allocated to the General Partner. Subject to the Limited Partner's discretion based upon the capital analysis, the Limited Partner reserves the right to adjust special allocations to the State Limited Partner or to the General Partner (as applicable).

(r) State Housing Tax Credit Income. One hundred percent (100%) of any income or gain of the Partnership resulting directly or indirectly from the receipt, allocation, or transfer of the State Housing Tax Credits, recharacterizing of a tax reporting position of the Partnership, including without limitation any income arising from the admission of the State Limited Partner to the making of any Capital Contribution with respect to the State Limited Partner, shall be allocated one hundred percent (100%) to the General Partner. Notwithstanding anything else in this Agreement, in no event shall any income or gain of the Partnership resulting directly or indirectly from the receipt, allocation, or transfer of the State Housing Tax Credits be allocated to the Limited Partners or to the State Limited Partner. The General Partner agrees to protect, indemnify, defend and hold harmless the Limited Partners from and against any and all liabilities, costs and expenses actually incurred, including, but not limited to, any tax liability owed by the Limited Partners, reasonable costs and expenses of litigation and appeal, reasonable attorneys' and accountants' fees, penalties, fines, loss or damage of any kind or nature, in connection with or resulting from the allocation of income or gain to the Limited Partners attributable to a sale, or deemed sale by the Partnership of the State Housing Tax Credits (such calculation to be made by the Accountants assuming the Limited Partner is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner as the case may be).

11.08 Partnership Audit Procedures.

(a) Partnership Representative

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code (the "Partnership Representative"). The Partnership Representative shall timely designate, with the Consent of the Limited Partner, an individual to serve as the sole individual through whom the Partnership Representative will act for purposes of the Revised Partnership Audit Rules (the "Designated Individual"). The Designated Individual must

agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under this Section 11.08 prior to and as condition of such designation.

(ii) Resignation; Revocation. The Partnership shall revoke the designation of the General Partner as the Partnership Representative for all taxable years during which such designation was in effect by written notice to the Partnership Representative and the IRS: (i) upon withdrawal or removal of the General Partner for any reason, (ii) upon request of the Limited Partner at a time when there exists any default hereunder and any notice of partnership adjustment has been issued by the IRS, or (iii) upon request of the Limited Partner in the event of a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 11.08. The designation of the Designated Individual as the Designated Individual shall automatically terminate on the effective date of the resignation or revocation of the applicable entity as Partnership Representative. If a Designated Individual becomes unable to perform the tasks required of a Designated Individual, no longer meets the requirements under the Revised Partnership Audit Rules, or the Partnership Representative otherwise determines that such individual should be removed as the Designated Individual, the Partnership Representative shall promptly notify the Limited Partner of such determination and take all necessary actions to effectuate the resignation of such individual as Designated Individual for all applicable taxable years. Notice of any revocation of a Partnership Representative or Designated Individual shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Limited Partner as the successor Partnership Representative and/or the designation of another Person selected by the Partnership Representative (with the Consent of the Limited Partner) as the successor Designated Individual. The resigning or removed Partnership Representative and/or Designated Individual shall remain obligated hereunder in such capacity until the replacement is acknowledged by the IRS. The General Partner hereby constitutes and appoints the Limited Partner, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 11.08(a) and take any action which the Limited Partner may deem necessary or appropriate in connection herewith. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the General Partner as the Partnership Representative.

(iii) Successor Partnership Representative. Any successor Partnership Representative and/or Designated Individual must satisfy all statutory and regulatory requirements imposed by the Revised Partnership Audit Rules and must agree in writing to be bound by the terms of this Section 11.08.

(iv) Notice of Communications; Cooperation. The Partnership Representative shall: (i) give all Affected Partners prompt notice of any inquiry, notice, or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Partnership or the Partners, (ii) consult with the Affected Partners in good faith on the strategy and substance of any tax audit or contest, and (iii) shall, to the extent possible, give the Affected Partners prior notice of and a reasonable opportunity to review and comment upon any written communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit or other inquiry involving the Partnership and the nature and content of all actions to be taken and defenses to be raised by the Partnership in response to any tax audit or contest (including without limitation the decision to institute proceedings, whether

administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise. Without limiting the generality of the foregoing, the Partnership immediately shall send to all Affected Partners copies of any notice of a proposed or final partnership adjustment received by the Partnership and/or the Partnership Representative from the IRS. To the extent requested by the Affected Partner and permitted under Treasury Regulations or by the IRS or other taxing authority in a particular tax audit or contest, the Partnership Representative shall cooperate in allowing the Affected Partner or its representative to participate, at its own expense, in such tax audit or contest.

(v) Duties and Limitations on Authority. The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Partnership and its Partners in all dealings with the IRS and state and local taxing authorities. If the Partnership receives notice of a final Partnership Adjustment from the IRS, the Partnership Representative shall promptly notify the Affected Partners, and if requested to do so by the Limited Partner, (i) the Partnership Representative shall file a petition for readjustment within the time frame required by Treasury Regulations or IRS guidance, and/or (ii) the Partnership Representative and the General Partner shall cause the Partnership to seek any and all available judicial review of such final Partnership Adjustment as is available under applicable law. Notwithstanding the foregoing, except as specifically provided in Section 11.08(b) below, the Partnership Representative shall not, without the Consent of the Limited Partner (and, in the case of (C), (D) and (F), the Limited Partner for the Reviewed Year) , have any power or authority to do any or all of the following:

- (A) make an election to opt out of the application of the Revised Partnership Audit Rules to the Partnership;
- (B) make a Push-Out Election, or request a modification to an Imputed Underpayment;
- (C) file an Administrative Adjustment Request or IRS Forms 8985 or 8986;
- (D) select any judicial forum for the litigation of any Partnership tax dispute;
- (E) extend the statute of limitations for the Partnership; or,
- (F) take any other action (or fail to take any action) that would have the effect of finally determining any tax audit or contest.

(vi) Fiduciary Relationship. The relationship of the Partnership Representative to the Limited Partner and the State Limited Partner shall be that of a fiduciary, and the Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Limited Partner and the State Limited Partner.

(vii) Indemnification. To the extent of available funds, the Partnership shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Partner or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership Representative of the Partnership,

provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Limited Partner and the State Limited Partner and within the scope of its authority under this Section 11.08.

(b) Modifications and Partnership Elections

(i) Modifications to Imputed Underpayment. If requested to do so by the Limited Partner, the General Partner shall request modification of an Imputed Underpayment in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. With any such request, the Limited Partner shall describe the modifications or adjustment factors that the Limited Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification and timely provide all required supporting documents or information.

(ii) Amended Returns. Unless otherwise directed by the Limited Partner, to preserve the ability to make corrections to the Partnership's IRS Form 1065 pursuant to an amended return and Schedule K-1s up to the extended due date, the Partnership Representative shall cause the Partnership to timely file Form 7004- Application of Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns. If requested to do by the Limited Partner, the Partnership Representative shall request a modification of an Imputed Underpayment based on an amended return (or, to the extent permitted by law, any similar statement including but not limited to an Administrative Adjustment Request or IRS Forms 8985 and 8986) filed by a Partner (or its owners) that takes account of all of the Partnership adjustments properly allocable to such Partner (or its owners). Any such request shall be accompanied by an affidavit from the requesting Partner that each required amended return (or similar statement) has been filed and all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years have been paid, as required by any applicable Regulations, forms, instructions, and other guidance prescribed by the IRS.

(iii) Push-Out Election. If requested to do so by the Limited Partner, the Partnership Representative shall timely make and implement an election (a "Push-Out Election"), including but not limited to filing IRS Forms 8985 and 8986 under Section 6226 of the Code with respect to an Imputed Underpayment. Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment (as determined with the Consent of the Limited Partner for such Reviewed Year) and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS.

(iv) Reimbursement of Allocable Share of Imputed Underpayment. If the Partnership becomes obligated to make an Imputed Underpayment under Code Section 6225, each of the Partners (including any Former Partner) to whom such liability relates (as determined with the Consent of the Limited Partner) shall be obligated, within thirty (30) days after written notice from the General Partner, to pay an amount that, on an after-tax basis if such payment is treated as a taxable payment to the Partnership, is equal to its allocable share of such amount to the Partnership; provided, however, that if and to the extent that the Partnership's liability results from a loss, disallowance or recapture of Credits for which a payment required under Section 8.10(c) is due to such Person and

has not been paid, the amount otherwise payable by such Person to the Partnership under this Section 11.08(b)(iv) shall be reduced by the amount of any such unpaid payment required under Section 8.10(c) payable to such Person so that the Partnership will bear the portion of the Imputed Underpayment equal to such reduction, and such payment required under Section 8.10(c) shall be paid to the Partnership and applied to the Imputed Underpayment. Any amount not paid by a Partner (or Former Partner) within such 30-day period shall accrue interest at Prime Rate plus 2% until paid. Any such payment made by any Partner shall be treated as a Capital Contribution and, if and to the extent permitted by the Code and Regulations, any Capital Account reduction attributable to the Imputed Underpayment shall be allocated to the Partners in proportion to such Capital Contributions.

(v) Withholding. Notwithstanding anything to the contrary contained herein, the General Partner shall cause the Partnership to withhold from any distribution or payment due to any Partner (or Former Partner) under this Agreement any amount due to the Partnership from such Partner (or Former Partner) under clause (iv) above. Any amount(s) so withheld shall be applied by the Partnership to discharge the obligation in respect of which such amount was withheld. All amounts withheld pursuant to the provisions of this Section 11.08(b)(v) with respect to a Partner (or Former Partner) shall be treated as if such amounts were distributed or paid, as applicable, to such Partner (or Former Partner).

(vi) Indemnity. To the extent that a portion of the Taxes imposed under Code Section 6225 relates to a Former Partner, the General Partner shall require such Former Partner to indemnify the Partnership for its allocable portion of such tax (including any penalties, additions to tax, additional amounts, and interest) to the extent such amounts have not been withheld pursuant to the provisions of Section 11.08(b)(v). Each Partner acknowledges that, notwithstanding the transfer or liquidation of all or any portion of its Interest in the Partnership, it shall remain liable for Taxes with respect to its allocable share of income and gain of the Partnership for the Partnership's taxable years (or portions thereof) prior to such transfer or liquidation and entitled to the Consent rights provided to it in this Section 11.08 with respect to such taxable years unless otherwise agreed to in writing by the Partners during the taxable year(s) (or portion thereof) to which the Taxes relate and all Former Partners during the Partnership's taxable year(s) (or portion(s) thereof) to which the Taxes relate.

(vii) Continuing Obligations. Whether the liability is assessed to the Partnership or the Partners (or Former Partners), the parties hereto acknowledge and agree that nothing in this Section 11.08(b) is intended, nor shall it be construed, to modify or waive any obligations of the General Partner under this Agreement including, without limitation, the obligation to make a payment pursuant to the provisions of Section 5.01(g).

(c) Related Tax Items

(i) Tax Counsel or Accountants. The Partnership Representative, with the reasonable Consent of the Limited Partner, shall employ experienced tax counsel and/or accountants to represent the Partnership in connection with any audit or investigation of the Partnership by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Partnership; it shall be the responsibility of the Partners, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

(ii) Survival. The rights and obligations of each Partner or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Partner of its Partnership Interest and the termination of this Agreement or the dissolution of the Partnership.

(iii) Amendments. Upon the promulgation of revised Treasury Regulations implementing the Revised Partnership Audit Rules or upon further amendment of the Revised Partnership Audit Rules, the Partners will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 11.08, while conforming with the applicable provisions of the revised partnership audit procedures. The Partners agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

(iv) State and Local Income Tax Matters. The provisions of this Section 11.08 shall also apply to state and local income tax matters affecting the Partnership to the extent the terms and conditions hereof have any application to audit procedures at the state and local level.

Notwithstanding anything to the contrary above, with regard to any audit activity that has a material impact on the State Limited Partner's Interests or the State Housing Tax Credits, the State Limited Partner shall have all the rights as the Limited Partner in this Section 11.08.

ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Partnership. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 6.03, unless a majority in interest of the other Partners, within 90 days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor General Partner(s) and continue the Partnership upon the admission of such successor General Partner(s) to the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership, subject to the provisions of Section 6.03 and the Consent required pursuant to Section 8.02(b) hereof;

(c) the election by the General Partner, with the Consent of a majority in interest of the other Partners; or

(d) any other event causing or requiring the dissolution of the Partnership under the laws of the State of Formation or the Project State.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 12.01, (i) a certificate of cancellation shall be filed in such offices within the State of Formation and the Project State

as may be required or appropriate and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Partners that, upon liquidation within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g) (“Liquidation”) of the Partnership, any Liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners' respective positive Capital Account balances. The Partners believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon Liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners' respective positive Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, (but after all of the allocations provided for in Section 11.07 shall have been made) allocate the Partnership's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of Liquidation proceeds to the Partners to be in accordance both with the Partners' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Partnership's gains, profits and losses are insufficient to cause the Partners' Capital Accounts to be in such amounts as will permit Liquidation proceeds to be distributed both in accordance with the Partners' respective positive Capital Account balances and Section 11.04, then Liquidation proceeds shall be distributed in accordance with the Partners' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

(d) Upon the dissolution of the Partnership pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

ARTICLE XIII BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.

13.01 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with sound federal income tax accounting principles. These and all other

records of the Partnership, including information relating to the status of the Project and information with respect to the sale by the General Partner or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or his duly authorized representative, at any and all reasonable times. Any Partner, or his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Limited Partners.

13.02 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in FDIC insured financial institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

13.03 Accountants. The Accountants shall annually prepare for execution by the General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with tax basis accounting with adjustment for generally accepted accounting principles, a balance sheet, a profit and loss statement, and a cash flow statement. With respect to each fiscal year during the Partnership's operations, at such time as the Accountants shall have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to the Limited Partner for its review and comment. Any material changes in such proposed tax return recommended by the Limited Partner's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner unless such changes would have an adverse effect on the General Partner or Guarantor or is inconsistent with the Projections. The Partnership shall reimburse the Limited Partner for its reasonable expenses incurred in causing the Partnership's proposed tax return to be reviewed by the Limited Partner's accountants when such review exceeds the scope of the Limited Partner's accountant's standard review. A full detailed statement shall be furnished to all Partners showing such assets, properties, and net worth and the profits and losses of the Partnership for the preceding fiscal year. All Partners shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Partnership.

13.04 Reports to Partners. In addition to the information required pursuant to the provisions of Section 8.19 hereof, the General Partner shall provide to the Partners the following:

(a) Monthly Reports. The General Partner shall cause to be prepared and distributed to all Persons who were Partners at any time during the month prior to the date the report is due, the following monthly reports:

(i) Prior to Substantial Completion, a monthly report, certified by the General Partner to be true, complete and correct in all material respects, providing:

(A) an analysis of the quality of construction and any known non-compliance with Plans and Specifications;

(B) any changes or deviations from the construction budget and construction schedule;

(C) any known environmental issues arising since the Initial Closing;

(D) any known delay in payment, or non-payment, of construction costs for which equity has been expended, or construction loan proceeds have been requisitioned or disbursed; and

(E) copies of all construction draw documentation submitted by the General Contractor in connection with a request for payment, including change orders.

(ii) Prior to the Stabilization Date, a monthly report, certified by the General Partner to be true, complete and correct in all material respects providing:

(A) a rent roll commencing at initial occupancy; and

(B) statement of income and expense, and cash flow for the month, together with a balance sheet, each of which may be unaudited.

Monthly reports as described in this Section 13.04 shall be delivered to the Partners within 20 days after the last day of the prior month which is the subject of the report.

(b) Quarterly Reports. The General Partner shall cause to be prepared and distributed to all Persons who were Partners at any time during the fiscal quarter prior to the date the report is due, the following reports:

(i) all monthly reports not previously delivered as required under Section 13.04(a);

(ii) a quarterly statement of income and expense and a cash flow statement for the quarter and the period then ending, which may be unaudited;

(iii) a balance sheet, which may be unaudited;

(iv) a statement of operations describing significant or material activities affecting the Partnership and Project during the quarter;

(v) copies of any correspondences, reports or Form 8823 resulting from an inspection by the Agency or the Service; and

(vi) a schedule of all fees, other compensation, distributions and reimbursements of expenses paid on behalf of the Partnership to the General Partner or any of its Affiliates during the quarter.

All quarterly reports from the General Partner as described in this subsection (b) shall be delivered to the Partners within 30 days of the last day of the fiscal quarter which is the subject of the report.

(c) Annual Reports. The General Partner shall cause to be prepared and distributed to all Persons who were Partners at any time during the fiscal year of the Partnership, the following reports:

(i) all monthly reports not previously delivered as required under Section 13.04(a);

(ii) all quarterly reports not previously delivered as required under Section 13.04(b);

(iii) within 60 days after the close of each fiscal year of the Partnership audited financial statements of the Partnership and, within 180 days after the close of each fiscal year of the Partnership, the audited financial statements of the Guarantor for the fiscal year prepared by the Accountants (or other independent accountants Consented to by the Special Limited Partner) in accordance with tax basis accounting with adjustments for generally accepted accounting principles, and such financial information with respect to each fiscal year of the Partnership as shall be reportable for federal and state income tax purposes;

(iv) within 60 days after the close of each fiscal year of the Partnership:

(A) tax basis balance sheet, statements of income and expense, Partners' equity, and cash flows (including a calculation of Net Cash Flow and Surplus Cash) prepared by the Accountants and accompanied by an Accountant's report and opinion;

(B) an unaudited report of the General Partner detailing distributions made during the fiscal year, separately identifying distributions from Net Cash Flow for the reporting fiscal year and prior fiscal years, proceeds from Capital Transactions, and proceeds from reserves or other deposits held by or for the benefit of the Partnership; and

(C) a schedule of all fees, other compensation, distributions and reimbursements of expenses to the General Partner or any of its Affiliates during the fiscal year, not previously reported to the Partners under Section 13.04(a) or (b) above.

(v) the current rent roll for the Project.

(d) Annual Certification as to Project Loans and Other Matters. Within 60 days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Limited Partner:

(i) a certification by the General Partner that (A) all Project Loan payments and taxes and insurance payments with respect to the Project are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a

governmental law, ordinance or regulation against the Project or, if any such notice of any violation has been received, a description thereof;

(ii) a descriptive statement of all transactions during the fiscal year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments); and

(iii) a copy of the annual report to be filed with the Agency concerning the status of the Project as low-income housing.

Within 60 days after the end of each fiscal year of the Partnership, the General Partner shall provide to the State Limited Partner, with a copy to the Limited Partner:

(i) a copy of the Partnership's IRS form 1065, including the State Limited Partner's Schedule K-1;

(ii) a copy of each IRS Form 8609A;

(iii) a State of Hawaii Schedule K-1 issued to the State Limited Partner evidencing the State Housing Tax Credits as well as the Hawaii Eligibility Statement and any other Hawaii forms required for claiming of the State Housing Tax Credits; and

(iv) a copy of the Partnership's Hawaii income tax return (Form N-20), with Hawaii Schedule K-1, Hawaii Form N-586 and IRS Form 8586 attached.

(e) Information Upon Limited Partner or State Limited Partner Request. Upon the written request of the Limited Partner or the State Limited Partner for further information with respect to any matter covered in Section 13.04(a) through (d) above, the General Partner shall furnish such information within seven (7) Business Days of receipt of such request or such longer period of time as may be permitted in the Limited Partner's sole discretion to provide such additional information.

(f) Annual Reports on Occupancy and Other Operational Matters. The General Partner, on behalf of the Partnership, shall send to the Limited Partner and the State Limited Partner, on or before March 31 in each year, a report which shall state:

(i) the then occupancy level of the Project;

(ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Operating Deficits will be funded; and

(iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Project of which the General Partner is aware.

(g) Estimates of Tax Items and Budgets. Not less than 60 days prior to the end of each fiscal year, the General Partner, on behalf of the Partnership, shall send to the Limited Partner,

for its Consent, an estimate of the Limited Partner's and State Limited Partner's share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current fiscal year, and the budget for the Partnership and Project for the fiscal year to come. The General Partner shall provide to the State Limited Partner on or before October 30 of the first year of the Credit Period for the Project an estimate of the amount of State Housing Tax Credits that will be available to the Partnership and allocated to the State Limited Partner for such year.

(h) Reports on Defaults and Other Matters. The General Partner shall send the Limited Partner and the State Limited Partner a detailed report of any of the following events within 15 days after the end of any calendar quarter during which such event occurs:

(i) a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligations on secured or unsecured debt;

(ii) the reduction or termination of any reserve by application of funds therein for purposes materially different from those for which such reserve was established;

(iii) the receipt by either General Partner of any notice of a material fact which may substantially affect further distributions; or

(iv) the pledge or collateralization by any Partner of its Interest in the Partnership.

(i) After the date of Substantial Completion, the General Partner, on behalf of the Partnership, shall send to the Limited Partner and the State Limited Partner, a copy of all applicable periodic reports covering the status of the Project as may be required by the Agency or the Project Lenders, within 10 days of submission of such reports to the Agency and/or applicable Project Lender.

(j) Fees and Penalties.

(i) In the event that the reports of information provided for in Sections 13.04(a) through (d) above are, at any time, not provided within the time frames set forth therein, the General Partner shall be obligated to pay to each of the Special Limited Partner and the State Limited Partner, upon written demand, the sum of \$150 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided. If the General Partner provides the foregoing information within fifteen (15) days of the date due, it shall not be obligated to pay such liquidated damages. In the event the General Partner does not pay such fee as required above, the amount owed by the General Partner shall be distributed to the Special Limited Partner and the State Limited Partner from Net Cash Flow prior to any payment of Net Cash Flow which might otherwise be payable to the General Partner or its Affiliates pursuant to the provisions of Section 11.03. Such amount shall be included as an amount guaranteed by the Guarantor pursuant to the Guaranty.

(ii) In the event that the reporting requirements set forth in any of the above provisions of this Section 13.04 are not met, the Limited Partner, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of the Special Limited Partner; provided, however, that if the General Partner and the Limited Partner cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Limited Partner in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership. Notwithstanding the foregoing, the Limited Partner hereby agrees that its Consent shall not be required for the designation of [Cohn Reznick] as a successor Accountant.

(iii) Intentionally Deleted.

(iv) The Partnership shall pay an annual fee equal to \$10,000 per annum to RBC Community Investments, LLC or its Affiliate, in its capacity as the Limited Partner (the “Asset Management Fee”), for an annual review of the operations of the Partnership and the Project. The Asset Management Fee shall (1) commence upon the third anniversary of Initial Closing, (2) be paid annually and be cumulative to the extent not paid in full in any year, (3) increase annually by three percent (3%) of the applicable fee for the preceding year, and (4) shall be payable solely as provided in Section 11.03, 11.04 and 12.02.

(v) The Partnership shall pay an annual fee (the “State Asset Management Fee”) equal to \$5,000 to State Limited Partner or its Affiliate for an annual review of the operations of the Partnership and the Project. The Asset Management Fee shall (1) commence upon the third anniversary of the Initial Closing, (2) be paid annually commencing on the Stabilization Date, and be cumulative to the extent not paid in full in any year from available Net Cash Flow, and (3) increase annually by three percent (3%) of the State Asset Management Fee for the preceding year.

(k) Notification of Default, and Service Proceedings. In addition to any requirements set forth in Article XIII hereof, the General Partner shall immediately notify each other Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Partnership or the General Partner and (ii) any Service proceeding regarding the Project or the Partnership. Any such notice shall be accompanied by copies of the foregoing documents.

13.05 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of the Limited Partner and State Limited Partner, based upon the advice of the Accountants, such election would be most advantageous to the Limited Partner and the State Limited Partner. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election. The Limited Partner shall reimburse the Partnership for any reasonable third party incremental accounting costs attributable to such election.

13.06 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the calendar year. All Partnership accounts shall be determined on an accrual basis. The Credit Period, Compliance Period and adjustments to Capital Contributions pursuant to Section 5.01(g) shall be determined on the basis of a calendar year.

ARTICLE XIV AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by a vote of the majority Interest of the General Partner with the Consent of the Limited Partner. Any such amendment shall be executed by the General Partner, the Limited Partner, the Special Limited Partner and the State Limited Partner. If the Limited Partner proposes an amendment to this Agreement which either (a) increases or imposes upon the Limited Partner the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Limited Partner to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Partnership, the General Partner shall effectuate the adoption of such amendment; provided, however, that neither the General Partner shall not be liable to the Limited Partner and/or State Limited Partner for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV CONSENTS, VOTING AND MEETINGS

15.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Partner and received by the requesting Partner at or prior to the doing of the act or thing for which the Consent is solicited. The Limited Partner shall be reimbursed by the General Partner for any reasonable out of pocket costs or expenses including third party professional fees, incurred by the Limited Partner and/or Special Limited Partner in connection with processing special requests from the General Partner, including but not limited to amendments to this Agreement, that necessitate the Consent of either the Limited Partner or the Special Limited Partner.

15.02 Submissions to Limited Partners. The General Partner shall give the Limited Partner Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and Consent of the Limited Partners and State Limited Partner. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. A majority in Interest of the Limited Partners and State Limited Partner shall have the authority, upon five (5) days prior written Notice or electronic communication to the General Partner, to convene meetings of the Partnership and to submit matters to a vote of the Partners.

ARTICLE XVI GENERAL PROVISIONS

16.01 Burden and Benefit. The covenants and agreements contained herein shall be binding

upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

16.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Formation, without regard to conflicts of law principles.

16.03 Counterparts. This Agreement may be executed by electronic signature and in several counterparts (which may be delivered electronically), each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Partnership, the Partnership business and the property of the Partnership, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

16.06 Liability of the Limited Partner. Notwithstanding anything to the contrary contained herein, neither the Limited Partner, the State Limited Partner, nor any of its members or partners, general or limited, as the case may be, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Limited Partner and/or the State Limited Partner under this Agreement, except that the Limited Partner and/or the State Limited Partner shall be personally obligated to fund its Capital Contributions when, as and if required by this Agreement and subject to any defenses and offsets it may have with respect to the funding of such Capital Contributions. In the event that the Limited Partner and/or the State Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Limited Partner and/or the State Limited Partner, shall be against the Interest of the Limited Partner and/or the State Limited Partner; provided, however, that under no circumstances shall the liability of the Limited Partner and/or the State Limited Partner for any such default be in excess of the amount of Capital Contribution payable by the Limited Partner and/or the State Limited Partner to the Partnership, under the terms of this Agreement, at the time of such default, less the value of the Interest of the Limited Partner and/or the State Limited Partner, if such Interest is claimed as compensation for damages.

16.07 Environmental Protection.

- (a) The General Partner represents and warrants that, except as set forth in the Environmental Report: (i) it has no knowledge of any deposit, storage, disposal, burial, release, discharge, spillage, uncontrolled loss, seepage, filtration or existence of any Hazardous Substances at, upon, under or within the Land or any contiguous real estate and (ii) it has not caused or permitted to occur, and it shall not permit to exist, any condition which

may cause a deposit, storage, disposal, burial, release, discharge, spillage, uncontrolled loss, seepage, filtration or existence of any Hazardous Substances at, upon, under or within the Land or on any contiguous real estate, but not including Hazardous Substances normally used in the construction, operation, occupancy or maintenance of properties similar to the Project, provided the amount of such Hazardous Substances does not exceed the quantity necessary for the normal construction, operation, occupancy and maintenance of the Project in the ordinary course of business and the use, storage and disposal of such Hazardous Substances strictly complies with all applicable Hazardous Waste Laws.

(b) The General Partner further represents and warrants that, except as set forth in the Environmental Report: (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the General Partner's best knowledge, near the Land, which operations have resulted in or could lead to (A) liability under the Hazardous Waste Laws as to the Partnership or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the General Partner has not permitted, and will use best efforts not to permit, any tenant or occupant of the Project to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Project.

(c) The General Partner shall comply strictly and in all respects with all material requirements of the Hazardous Waste Laws and related regulations and with all similar laws and regulations.

(d) The General Partner shall conduct an asbestos inspection prior to any demolition or renovation activities impacting suspect asbestos containing materials in each building in the Project, and warrants that sufficient funds exist and have been designated in the construction budget to inspect, abate, dispose and/or manage any suspect or know asbestos containing materials as part of demolition or renovation activities and operation of the Project in compliance with Hazardous Waste Laws.

(e) The General Partner covenants and agrees that no impact, disturbance, alteration, or destruction of any wetlands, streams or flood plains on the Property shall occur unless and until General Partner has received all necessary permits, approvals and governmental authorizations required for the impact, disturbance, alteration or destruction of the wetlands, streams or flood plains in compliance with all applicable federal, state, and local laws, regulations, orders or requirements.

(f) The General Partner has furnished to the Limited Partner all environmental assessments, audits, reports, Environmental Report and other material environmental documents relating to the Project or Land.

(g) The General Partner shall at all times indemnify and hold harmless the Partnership, Limited Partner and the State Limited Partner against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, including, but not limited to attorney's and consultant's fees, suffered or incurred by the Partnership, the Limited Partner, or the State Limited Partner, under or on account of, or as a result of violations of, the Hazardous Waste Laws or any similar laws or regulations, including the assertion of any lien thereunder, or related to or arising out of the

deposit, storage, disposal, burial, release, discharge, spillage, uncontrolled loss, seepage, filtration or existence of any Hazardous Substances at, upon, from, under or within the Project, Land or any contiguous real estate.

(h) For purposes of this Section 16.07, the term “Hazardous Substances” shall mean and include, without limitation, any hazardous, toxic or dangerous substance, waste, material or pollutant, specifically including for purposes of this Agreement any petroleum or crude oil or fraction thereof, friable asbestos or asbestos containing material, polychlorinated biphenyls, pesticides or urea formaldehyde foam insulation defined as such in , regulated by or for the purpose of, or in violation of any Hazardous Waste Laws. As used in this Agreement, the term “Hazardous Waste Laws” shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater) and human health and safety, including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called “superfund” or “superlien” law, and the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq. together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or human health and safety, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge, handling or existence of any Hazardous Substances, now or at any time hereafter in effect.

16.08. Pledge of General Partner Interest. Each General Partner does hereby unconditionally and irrevocably assign, pledge, convey, transfer, deliver, set over and grant (“Pledge”) unto Limited Partner and State Limited Partner, and the successors and assigns of each, as security for such General Partner’s complete and timely payment and performance of such General Partner’s duties, expenses and liabilities under or in connection with this Agreement, a continuing first priority security interest under the Uniform Commercial Code of the State of Hawaii in all of the Collateral (subject and subordinate, however to any liens on the Collateral securing the Tax-Exempt Note). Unless and until there occurs an event listed in Sections 6.05(a)(i) or 6.05(a)(ii) hereof, each of the Limited Partner and the State Limited Partner agrees to forbear in exercising its right to receive all benefits pertaining to the Collateral, and the General Partner shall be permitted to exercise all rights and to receive all benefits of the Collateral, including, without limitation, the right to exercise all voting, approval, consent and similar rights of General Partner pertaining to the Collateral, payments due under, proceeds, whether cash proceeds or noncash proceeds, and products of the Collateral and retain and enjoy the same. Upon or at any time after the occurrence of an event listed in Sections 6.05(a)(i) or 6.05(a)(ii) hereof, Limited Partner, at its option to be exercised in its sole discretion, may exercise all rights and remedies granted under this Section 16.08.

16.09 Notices. Any Notice required by the provisions of this Agreement to be given to one or more Partners shall be addressed as follows:

(a) To the Limited Partner or Special Limited Partner:

c/o RBC Community Investments, LLC
600 Superior Avenue
Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel

with a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, California 90071
Attention: Kyle Arndt, Esq.
Facsimile No.: (213) 559-0733

(b) To the General Partner:

HCDC Kuhio Park 1 LLC
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, California 90248
Attention: Michael Costa
Attention: Mohannad H. Mohanna

With a copy to:

Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attention: Christian Dubois

(c) To the Class B Limited Partner:

Hawaii Public Housing Authority
[_____]
[_____]
[_____]

With a copy to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001
Attention: Megan Glasheen

(d) To the State Limited Partner:

Berkadia Kuhio Low-Rise MTE LLC
c/o Berkadia Affordable Tax Credit Solutions
50 South 16th Street
Philadelphia, Pennsylvania 19102
Attention: Managing Director

With a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Roger W. Holmes

16.10 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.11 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.12 Parties in Interest. Nothing herein shall be construed to be to the benefit of or enforceable by any third party including, but not limited to, any creditor of the Partnership.

16.13 No Partition. No Partner nor any successor or assignee of any Partner has the right to partition the Project or any part thereof or interest therein, or file a complaint or institute an action or proceeding at law or in equity to partition the Project or any part thereof or interest therein. Each Partner for itself and its successor and assigns waives any such rights.

16.14 State Limited Partner Provisions. Notwithstanding anything to the contrary contained herein, no Partner may not take any action directly or through any of its affiliates that would change any of the rights or obligations of the State Limited Partner in the Partnership, or the rights and obligations of the Partnership in the Project, including, but not limited to, any amendment or action that would result in a reduction in State Credits, a reduction of the 100% allocation of the State Credits to the State Limited Partner, or a change in an allocation or distribution right, without the prior written Consent of the State Limited Partner.

16.15 Class B Limited Partner Provisions.

(a) Except as specifically set forth in this Section 16.15, the Class B Limited Partner shall have no rights or obligations under this Agreement, including any rights to consent to or approve actions taken or to be taken by the General Partner, any Limited Partner or Special Limited Partner or the Partnership. In the event of a conflict between the provisions of this Section 16.15 and other provisions of this Agreement, the provision of this Section 16.15 shall prevail.

(b) The rights of the Class B Limited Partner shall include, and shall be limited to, the following:

(i) the Class B Limited Partner shall have the right to monitor, and to review records of the Partnership relating to, compliance by the Partnership with the Extended Use Agreement and other affordability restrictions applicable to the Project (but shall not in any respect be responsible for any failure by the General Partner, the Management Agent or any other part to comply with those restrictions).

(c) The Class B Limited Partner shall not be removed as a Partner of the Partnership except for a breach by the Class B Limited Partner of its obligations under Section 16.15(b); provided, that the General Partner shall give the Class B Limited Partner Notice of any alleged breach, and the Class B Limited Partner shall have 60 days after Notice thereof to cure any alleged breach before actions may be taken to remove the Class B Limited Partner (and, in the case of a default that cannot reasonably be cured during such 60-day period, such longer period of time, not to exceed 180 days, as may be required to effect such cure provided the Class B Limited Partner promptly undertakes to commence and diligently pursues a cure, in which event it shall remain as the Class B Limited Partner, as determined by the Limited Partner, in its sole but reasonable discretion). Upon any removal of the Class B Limited Partner, the Partnership shall pay to the Class B Limited Partner the amount of the Class B Limited Partner's Capital Account balance.

(d) Any Management Agent or substitute Management Agent named by the General Partner pursuant to Sections 8.14 and 8.16 shall be subject to the Class B Limited Partner's prior written approval, not to be unreasonably withheld or delayed. The Class B Limited Partner hereby Consents to the Initial Management Agent named in Section 8.14.

(e) The prior consent of the Class B Limited Partner, which consent may be withheld or conditioned in the Class B Limited Partner's reasonable discretion, shall be required for any of the following actions:

(ii) Any amendment to this Agreement or the Purchase Option Agreement, if the amendment would materially adversely affect the rights of the Class B Limited Partner under this Agreement;

(iii) Any amendment to the Extended Use Agreement or any change in the affordability restrictions applicable to the Project or to the Project; or

(iv) Enter into an agreement or take any action without the prior Consent of the Class B Limited Partner with respect to any matters for which the prior Consent of the Class B Limited Partner is a prerequisite under this Agreement or the Act.

16.16 Limitation of Benefits. It is the explicit intention of the Partners that no person or entity other than the Partners and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners and the Partnership and their or its respective successors and assigns as permitted hereunder).

16.17 Electronic Transmission of Data. The Partners agree that certain data related to the Project (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of the Partners, and/or their Affiliates and other Persons involved with the subject matter of this Agreement. The Partners acknowledge and agree that there are risks associated with the use of electronic transmission and that the Partners do not control the method of transmittal or service providers.

(Remainder of page intentionally left blank)

[signature page next page]

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership as of the date first written above.

GENERAL PARTNER:

HCDC KUHIO PARK 1 LLC, a Hawaii limited liability company

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its Manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its Manager

By: _____
Mohannad H. Mohanna
Its President

CLASS B LIMITED PARTNER:

Approved as to Form:

HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic, existing under the laws of the State of Hawaii

Linda L.W. Chow
Deputy Attorney General

By: _____
Name: Hakim Ouansafi
Title: Executive Director

(signatures continue on following page)

S-1

LIMITED PARTNER:

RBC Community Investments, LLC, an Illinois limited liability company

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

RBC Community Investments Manager II, Inc., a Delaware corporation

By: _____
Name: _____

STATE LIMITED PARTNER:

BERKADIA KUHIO PARK LOW-RISE MTE LLC, a Delaware limited liability company

By: Riverside Capital, LLC d/b/a Berkadia Affordable Tax Credit Solutions, its sole member

By: _____
Name: Drew Reis
Title: CFO and COO

(signatures continue on following page)

WITHDRAWING LIMITED PARTNER:

Victoria Capital, LLC, a California limited liability company

By:_____

Name:_____

Title:_____

S-3

KPLR 1 Amended and Restated LPA

60192857

60192857.5

**EXHIBIT A
TO PARTNERSHIP AGREEMENT**

PROJECTIONS

(attached)

**EXHIBIT B
TO PARTNERSHIP AGREEMENT**

SUMMARY OF PROJECT LOAN TERMS

Tax-Exempt Loan - Construction Phase:

Lender:	Bank of Hawaii
Source:	Tax-Exempt Bonds
Amount:	[\$107,710,000]
Type:	Construction
Summary based on:	Loan Documents
Interest Rate:	[6.63]% (Floating)
Amortization:	N/A
Payments anticipated to commence:	Interest only payments due monthly, balance due at maturity
Hard Payment Amount:	Interest-only payments
Maturity Date:	[_____] ([44] months [with a 6 month extension])
Non-recourse to:	Recourse
Requirements for Conversion:	N/A
Collateral:	First Mortgage on Project prior to Completion

Tax-Exempt Loan - Permanent Phase:

Lender:	Bank of Hawaii
Source:	Tax-Exempt Bonds
Amount:	[\$38,432,674]
Type:	Permanent
Summary based on:	Loan Documents
Closed at or prior to Initial Closing:	Yes
Interest Rate:	[5.50%] [5.10% forward Swap + 25 bps]
Amortization	480 months after conversion of the Tax-Exempt Loan to the permanent phase/40 years
Payments anticipated to commence:	[July 1, 2029]
Hard Payment Amount:	[\$2,378,688] annually, based on Projections
Maturity Date:	[_____] , Mandatory Prepayment [_____]
Non-recourse:	Yes, to all Partners

Requirements for Conversion:	A. DSCR of 1.15 to 1.00 for 3 months leading up to conversion to the permanent phase B. Resizing is permitted to achieve DSCR at Conversion

Collateral:	First Mortgage on Project after Conversion

Construction to Permanent Loan (RHRF Loan):

Lender:	Hawaii Rental Housing Revolving Fund (“RHRF”)
Source:	State/Municipality
Amount:	Up to \$[48,556,752]
Closed at or prior to Initial Closing:	Yes
Type:	Construction/Permanent
Summary based on:	Loan Documents
Interest Rate:	Interest accrued but no payments of interest for the first [three] years, then [0.25]% fixed, simple interest ([0.236]% OID)
Amortization	N/A
Payments anticipated to commence:	[July 1, 2030] from available Net Cash Flow (cash flow payments anticipated to commence after a full year of Project operations)
Soft Payment Amount:	No interest during construction, but upon Conversion payment of principal and interest are made from 75% of Net Cash Flow
Maturity Date:	50 years from Conversion
Non-recourse:	Yes, to all Partners
Requirements for Funding:	Initial Closing
Collateral:	Second Mortgage on Project

Construction to Permanent Loan (HPHA Loan):

Lender:	Hawaii Public Housing Authority (“HPHA”)
Source:	City/County of Honolulu Funds
Amount:	\$[8,000,000]
Closed at or prior to Initial Closing:	Yes
Type:	Construction/Permanent
Summary based on:	Loan Documents
Interest Rate:	[1%]
Amortization	N/A
Payments anticipated to commence:	[July 1, 2030] from available Net Cash Flow (cash flow payments anticipated to commence after a full year of Project operations)

Soft Payment Amount:	No interest during construction, thereafter payment of principal and interest are made from [58.75]% of Net Cash Flow after no outstanding Ground Lease payments
Maturity Date:	[65] years from Conversion
Non-recourse:	[Yes, to all Partners]
Requirements for Funding:	Initial Closing
Other Loan Terms:	Construction funds are to be made available upon Initial Closing, permanent funds are to be made available upon conversion of the Tax-Exempt Loan to the permanent phase. Anticipated to disburse \$[7,200,000] at Initial Closing, and \$[800,000] on [April 1, 2028]
Collateral:	Third Mortgage on Project

EXHIBIT C
TO PARTNERSHIP AGREEMENT

INSURANCE REQUIREMENTS

I. Immediately upon Initial Closing, and throughout the term of this Agreement, General Partner shall obtain, and maintain in full force and effect, the following policies of insurance:

- Commercial General Liability Insurance
 - insuring for legal liability of the Partnership, and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the ownership or management of the Project and including the costs to defend such actions brought against the Partnership
 - the policy shall include endorsements adding the State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders, and shall be primary coverage for the additional insureds and certificate holders, without contribution from other valid insurance policies which may be carried directly by the additional insureds and certificate holders
 - limits of the policy shall be at least \$1 million per occurrence and \$2 million in the aggregate with a maximum deductible of \$25,000
 - if the policy is written on a blanket basis, and includes other properties, the aggregate limits must be written on a “per project basis.”
- Automobile Liability Insurance (only if General Partner utilizes its own workforce)
 - insuring for legal liability of the Partnership, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including vehicles not owned by the Partnership, including uninsured motorist liability, and including the costs to defend such actions brought against the Partnership.
 - the policy shall include endorsements adding the State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds
 - limits of the policy shall be at least \$1 million combined single limits per accident.
- Workers Compensation (only if General Partner utilizes its own workforce)
 - insuring for occupational disease or injury and employer's liability, and covering the Partnership's full liability for statutory compensation to any person or persons who

perform work for the Partnership or perform duties on the site of the Project, and liability to the dependents of such persons

- o the policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory
 - o Employer's Liability limits shall be at least \$1,000,000 per occurrence.
- Umbrella/Excess Liability Insurance
 - o limits of the policy shall be at least \$5 million per occurrence and in the annual aggregate
 - o the policy shall include endorsements adding the State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders,
- Other forms or types of insurance that the Limited Partner may now or hereafter require, or which are required by Section VI below, including without limitation, earthquake, flood, high winds, pollution, sinkhole/mine subsidence, ordinance and law coverage and other special hazards.

II. Prior to the commencement of any construction of the Project, General Partner shall obtain (or cause to be obtained by the Contractor) and keep in force until the Final Closing:

- Builder's Risk Insurance
 - o insuring for all risks of physical loss of or damage (including earthquake, flood and high wind if specifically required by the Limited Partner and as discussed in Section VI below) to the real property comprising or intended to comprise the Project construction, and personal property of the Partnership used to maintain or service the Project construction, whether located at the site or elsewhere, including while in-transit coverage
 - o policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation and with coverage for any additional architectural or engineering fees incurred as a result of an insured loss and any other soft costs
 - o loss payment shall be to the Partnership
 - o limits of policy will be at least the estimated replacement value of the completed Project
 - o the policy shall have a deductible of no greater than \$25,000 per occurrence
 - o the policy shall carry no coinsurance provisions or provide an Agreed Amount endorsement to waive the coinsurance clause

- the policy shall include an endorsement naming the State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the State Limited Partner, Investor Limited Partner, Special Limited Partner and its successors and/or assigns to be associated in the adjustment of any claim.
- Worker's Compensation Insurance
 - insuring for occupational disease or injury and employer's liability, and covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Project construction, including the employees of sub-contractors of any tier, and liability to the dependents of such persons
 - the policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory
 - Employer's Liability Limits shall be at least \$1 million per occurrence.
- Comprehensive General Liability
 - insuring for legal liability of the Contractor, and caused by bodily injury, property damage, personal injury, including the costs to defend such actions brought against the Contractor, during construction and for a minimum of three years following completion of construction
 - limits of the policy shall be at least \$1 million per occurrence and \$2 million in the aggregate with a maximum deductible of \$25,000
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders.
- Umbrella/Excess Liability Insurance
 - limits of the policy shall be at least \$5 million per occurrence and in the annual aggregate
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders
- Comprehensive Automobile Liability Insurance
 - including hired and non-owned vehicles, if any, in the amount of not less than \$1,000,000 covering personal injury, bodily injury and property damage
- Pollution Liability coverage Insurance

- providing defense and indemnity coverage for bodily injury, property damage, and environmental investigation and clean-up costs for pollution conditions arising from the contractors operations.

III. General Partner shall provide or cause to be provided by the Architect for the renovation/construction of the Project, and keep in force until Final Closing:

- Architect's professional liability insurance
 - in the amount of not less than \$1,000,000 (including contractual liability coverage with all coverage retroactive to the earlier of the date of this Agreement or the commencement of the Architects' services in relation to the Project) covering personal injury, bodily injury and property damage
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as Certificate Holders
- Comprehensive General Liability Insurance
 - in the amount of not less than \$1 million per occurrence and \$2 million in the aggregate covering personal injury, bodily injury and property damage
 - the policy shall include limited contractual liability and completed operations coverage
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders.

IV. General Partner shall cause the Management Agent to provide at all times:

- Comprehensive Commercial General Liability Insurance
 - The policy shall include liability coverage, in the amounts of not less than \$1 million per occurrence, \$2 million in the aggregate covering personal injury, bodily injury and property damage
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders
- Umbrella/Excess Liability Insurance
 - limits of the policy shall be at least \$5 million per occurrence and in the annual aggregate
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders

- Automobile Liability Insurance
 - Management Agent shall maintain business Automobile Liability Insurance covering owned, hired and non-owned autos for limits no less than \$1,000,000 combined single limit per accident for bodily injury, property damage and physical damage (collision and comprehensive)
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as additional insureds and certificate holders
- Employee Theft and Dishonesty Insurance
 - Management Agent shall maintain employee theft and dishonesty insurance in an amount not less than \$1,000,000 or a fidelity bond issued by a surety acceptable to the Limited Partner and Special Limited Partner in an amount not less than two months' gross rent for the Project
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as certificate holders
- Worker's Compensation Insurance
 - Management Agent shall maintain Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Management Agent's full liability for statutory compensation to any person or persons who perform work for the Partnership or perform duties on the site of the Project, and liability to the dependents of such persons
 - The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least \$1,000,000 per occurrence
 - Management Agent shall maintain employer's liability insurance for an amount not less than \$1,000,000 covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers' compensation insurance
 - the policy shall include an endorsement naming the Partnership, State Limited Partner, Limited Partner, Special Limited Partner and its successors and/or assigns as certificate holders

V. Prior to any occupancy of the Project, General Partner shall obtain, and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

- Property Damage Insurance

- insuring for all risks of physical loss of or damage (including earthquake, flood and high wind if required by Section VI below) to the real property comprising the Project, personal property of the Partnership used to maintain or service the Project, and new construction, additions, alterations and repairs to structures
 - Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation and any other soft costs; loss payment shall be to the Partnership
 - limits of policy will be at least the replacement value of the Project (excluding from the value of the Project, site utilities and foundations)
 - the policy shall have a deductible of no greater than \$25,000 per occurrence
 - the policy shall carry no coinsurance provisions or provide an Agreed Amount endorsement to waive the coinsurance clause
 - Rental Interruption insurance in amounts required by all lenders, but not less than the equivalent of actual loss sustained or twelve months' gross rental income
 - coverage shall be further extended to include debris removal, outdoor trees, shrubs, plants and lawns, and Ordinance or Law coverage for the increased costs of construction caused by the enforcement of building, zoning or Project use law
 - the policy shall include an endorsement naming the Limited Partner, State Limited Partner, Special Limited Partner and its successors and/or assigns as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the Limited Partner and Special Limited Partner to be associated in the adjustment of any claim.
- If applicable, boiler and machinery insurance written on a comprehensive form basis.

VI. Special Hazards: Flood/Earthquake/High Wind

Evidence of Flood insurance is required for areas designated by FEMA to be in a Special Flood Hazard Area. If required, the amount of Flood insurance shall be no less than 50% of the replacement value of the completed project. Earthquake insurance is required in UBC zones 3 and 4 and should include a business interruption insurance rider. Earthquake insurance may be waived by the Limited Partner on properties for which an approved Seismic Risk Assessment (SRA) indicates a Scenario Expected Loss (SEL) of less than 20%. In coastal areas subject to hurricanes or high winds, "All Risk" policy must include coverage for damage caused by hurricanes, high winds or Named Storms at 100% replacement cost and include flood insurance regardless of the Flood Hazard Zone. The amount of Flood insurance shall be equal to the greater of the maximum amount available under the National Flood Insurance Program or 20% of the replacement value of the completed project.

VII. General Requirements and Release of Liability

All such policies shall be underwritten by companies licensed to write such insurance in the state in which the Project is located, and shall be rated in the latest A.M. Best's Insurance Rating Guide with a rating of at least A, and have a financial performance index rating of VIII or better.

Each policy must be for a term of not less than one year. The General Partner shall furnish to the Limited Partner and Special Limited Partner a complete copy of each such policy of insurance. If the policy is not available prior to the Final Closing, then certificates of insurance detailing the policy terms and conditions as noted above shall be provided, but the policies must then be provided within 60 days. All such policies shall include endorsements requiring at least 30 days prior written notice to the Limited Partner and Special Limited Partner of any cancellation, termination or reduction of coverage therein. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to the Limited Partner and Special Limited Partner of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate, as noted above.

The General Partner hereby releases and relieves the Limited Partner and Special Limited Partner for any and all liability, and waives its entire right of recovery against them, with respect to any loss or damage of property or for property damage, bodily injury or personal injury to third-parties arising out of or incident to any loss or peril insured against under any for the foregoing policies, and any other perils for which the General Partner has arranged insurance.

**EXHIBIT D
TO PARTNERSHIP AGREEMENT**

GENERAL PARTNER CERTIFICATE

(attached)

D-1

GENERAL PARTNER CERTIFICATE

The undersigned, being the general partner ("General Partner") of KPLR Phase 1, LP, a Hawaii limited partnership ("Partnership"), do hereby certify to RBC Community Investments, LLC, in its capacity as the Limited Partner and in its capacity as the State Limited Partner, and their respective successors and assigns (collectively, "Limited Partners") and RBC Community Investments Manager II, Inc., a Delaware corporation, in its capacity as the Special Limited Partner, and its successors and assigns, pursuant to Sections 5.01(d) and **Exhibit K** of the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2025 ("Agreement") that:

1. All conditions and agreements set forth in the Agreement and applicable to the [_____] Capital Contribution have been satisfied. Documents being delivered to the Limited Partners to satisfy the conditions for the [_____] Capital Contribution are attached hereto and listed on the attached "List of Documents".

2. As set forth in **Exhibit K** of the Agreement, the amount of the Capital Contribution for which payment is now requested is \$[_____] , there being no reduction in the amount thereof pursuant to Section 5.01(g) of the Agreement. **[MODIFY AS APPROPRIATE IF ANY ADJUSTMENT SHALL HAVE OCCURRED AND ATTACH SUPPORTING CALCULATIONS AND DOCUMENTATION.]**

3. Each of the representations and warranties set forth in Section 4.01 of the Agreement are true and correct as of the date hereof in all material respects.

4. No conditions specified in Sections 5.03 or 5.05 have occurred which would give rise to the Limited Partners' right either to withhold its payment of a Capital Contribution or to cause a repurchase of its Interest. Excess Development Costs, if any, have been fully paid for by the General Partner or the Guarantor pursuant to Section 8.10 of the Agreement or the provisions of the Guaranty, as the case may be.

Capitalized terms not defined herein shall have the meanings given to them in the Agreement.

This Certificate may be executed by electronic signature and in several counterparts (which may be delivered electronically), each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ____ day of _____, 20____.

GENERAL PARTNER:

HCDC KUHIO PARK 1 LLC, a Hawaii limited liability company

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

S-1

List of Documents

Indicate whether a document is attached to this General Partner Certificate or was previously delivered

(NOTE: some documents may not be applicable)

Item	Attached	Previously Delivered
Disbursement Request (contractor sworn statements, paid invoices, AIA G702/G703 change orders, lien waivers, sources and uses statement through current draw)		
Post Closing Items (please list)		
Construction Contracts		
Architect's Certificate of Substantial Completion (AIA Form G704)		
Title Date Down /Update (certifying no change in status of title)		
Lien Waivers		
Evidence that Project is In Balance		
Certificate of Occupancy		
Draft Cost Certification		
Recorded Extended Use Agreement		
Final Cost Certificate		
8609 Submission and Hawaii Eligibility Statement Submission		
Evidence of Occupancy (Certified Rent Rolls and Tenant Income Certification Documents)		
Copies of Permanent Loan documents		
Final Date Down Endorsement through Final Closing		
Punchlist Completions		
Evidence of Debt Service Ratio Coverage		
Evidence of Stabilization Date		
Substantial Completion		
Final 8609s and Hawaii Eligibility Statement issued by State Agency		
Evidence of Satisfaction of Minimum Set-Aside Test		
Evidence of Satisfaction of 50% Test		
168 Election		
Filing of 8832		
Final Construction Documents		
- ALTA final As-built Survey		
- As-Built Plans and Specs		
- Permits and Licenses		
- Sworn Statement or Affidavit of Final Construction Costs		
- Previously Undelivered Change Orders		
- Warranty information		
- Current certificates of insurance		
- Final Soil Report, if applicable		
- Satisfaction of environmental recommendations, if any		
- Evidence that wetlands not disturbed, if applicable		
- Results of radon sampling, if applicable		
- Reports required pursuant to Section 13.04 of Agreement		

**EXHIBIT E
TO PARTNERSHIP AGREEMENT**

PLANS AND SPECIFICATIONS APPROVED BY THE LIMITED PARTNER

Item		Dated
1.	[TBD]	
2.		
3.		
4.		
5.		
6.		

EXHIBIT E
TO PARTNERSHIP AGREEMENT
(continued)

Drawings List

[TBD]

EXHIBIT E
TO PARTNERSHIP AGREEMENT
(continued)

Project Specifications Manual Table of Contents

[TBD]

EXHIBIT F
TO PARTNERSHIP AGREEMENT
DEVELOPMENT AGREEMENT

(attached)

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Development Agreement") made as of August 1, 2025 by and between KPLR Phase 1, LP, a Hawaii limited partnership (the "Partnership") and HCDC Kuhio Park 1 LLC, a Hawaii limited liability company (the "Developer"), and acknowledged by the Hawaii Housing Finance and Development Corporation, a public body and body corporate and politic of the State of Hawaii ("HHFDC") .

Recitals

WHEREAS, the Partnership was formed to acquire, construct, develop, improve, maintain, own, operate, lease, dispose of and otherwise deal with an apartment project located in Honolulu, Hawaii, known as the Kuhio Low Rises Park Phase 1 (the "Project");

WHEREAS, the Project, following the completion of construction, is expected to constitute a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code);

WHEREAS, the Developer has provided and will continue to provide certain services with respect to the Project during the acquisition, development, construction and initial operating phases thereof;

WHEREAS, in consideration for such services, the Partnership has agreed to pay to the Developer certain fees computed in the manner stated herein; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Amended and Restated Limited Partnership Agreement of the Partnership of even date herewith (the "Agreement").

NOW, THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

Section 1. Development Services.

(a) The Developer has performed certain services relating to the development of the Project and shall oversee the development and construction of the Project, and shall perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the Partnership. All development services shall be fully performed concurrently with, or prior to, Substantial Completion.

(b) The Developer's services shall be performed in the name and on behalf of the Partnership and shall consist of the duties set forth in subparagraphs (i)-(xiii) below of this Section 2(b) and as provided elsewhere in this Development Agreement; provided, however, that if the performance of any duty of the Developer set forth in this Development Agreement is beyond the reasonable control of the Developer, the Developer shall nonetheless be obligated to (i) use its best

efforts to perform such duty and (ii) promptly notify the Partnership that the performance of such duty is beyond its reasonable control. The Developer has performed or shall perform the following:

(i) Negotiate and cause to be executed in the name and on behalf of the Partnership any agreements for architectural, engineering, testing or consulting services for the Project, and any agreements for the rehabilitation of any improvements or tenant improvements to be constructed or installed by the Partnership, and the furnishing of any supplies, materials, machinery or equipment therefor, and any amendments thereof, provided that no agreement shall be executed nor binding commitment made until the terms and conditions thereof and the party with whom the agreement is made have been approved by the General Partner unless the terms, conditions, and parties comply with guidelines issued by the General Partner concerning such agreements.

(ii) Assist the Partnership in identifying sources of construction financing for the Project and negotiate the terms of such financing with lenders.

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants employed in connection with the design or construction of the Project;

(B) administration of any construction contracts on behalf of the Partnership;

(C) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(D) the rendering of advice and recommendations as to the selection of subcontractors and suppliers;

(E) the review and submission to the Partnership for approval of all requests for payments under any architectural agreement, general contractor's agreement, or any loan agreements with any lending institutions providing funds for the benefit of the Partnership for the design or construction of any improvements;

(F) the submission of any suggestions or requests for changes, which could in any reasonable manner improve the design, efficiency or cost of the Project;

(G) applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project;

(H) compliance with all terms and conditions applicable to the Partnership or the Project contained in any governmental permit or approval required or obtained

for the lawful construction of the Project, or in any insurance policy affecting or covering the Project, or in any surety bond obtained in connection with the Project;

(I) furnishing such consultation and advice relating to the Project as may be reasonably requested from time to time by the Partnership;

(J) keeping the Partnership fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the Partnership and which are of a nature generally requested or expected of construction managers or similar owner's representatives on similar projects;

(K) giving or making the Partnership's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the Project; and

(L) at the Partnership's expense, filing on behalf of and as the attorney-in-fact for the Partnership any notices of completion required or permitted to be filed upon the completion of any improvement(s) and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design or construction of the Project, and in addition to verify that the construction is being carried out substantially in accordance with the plans and specifications approved by the Partnership or, in the event construction is not being so carried out, to promptly notify the Partnership.

(v) If requested to do so by the Partnership, perform on behalf of the Partnership all obligations of the Partnership with respect to the design or construction of the Project contained in any loan agreement or security agreement in connection with the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such construction, provided that copies of such agreements have been provided by the Partnership to the Developer or the Partnership has otherwise notified the Developer in writing of such obligations.

(vi) To the extent requested to do so by the Partnership, prepare and distribute to the Partnership a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design or construction cost estimates as required by the Partnership, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Partnership to

cover the cost of design and construction of the Project, or as to the providing of additional capital contributions should such loan funds for any reason be unavailable or inadequate.

(vii) At the Partnership's expense, obtain and maintain insurance coverage for the Project, the Partnership, the Management Agent, and the Developer and its employees, at all times until final completion of construction of the Project, in accordance with an insurance schedule approved by the Partnership, which insurance shall include general public liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Property. Such insurance shall be in a liability amount approved by the Partnership.

(viii) Comply with all applicable laws, ordinances, orders, rules, regulations and requirements (hereinafter in this subparagraph (viii) called "laws") of all federal, state and municipal governments, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Partnership or the Project, which may be applicable to the Project or any part thereof. Any such compliance undertaken by the Developer on behalf of and in the name of the Partnership, in accordance with the provisions of this Development Agreement, shall be at the Partnership's expense. The Developer shall likewise cause all agreements between the Partnership and independent contractors performing work in connection with the Project shall include the agreement of said independent contractors to comply with all such applicable laws.

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out the Developer's functions hereunder. Without limiting the foregoing, the Developer will prepare, accumulate and furnish to the Partnership and the appropriate governmental authorities, as necessary, data and information sufficient to identify the market value of improvements in place as of each real property tax lien date, and will take application for appropriate exclusions from the capital costs of the Project for purposes of real property ad valorem taxes.

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by the Partnership with respect to the initial leasing of space in the Project, whether involving building standard or non-building standard work.

(xi) Use its best efforts to accomplish the timely completion of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the Partnership.

(xii) At the direction of the Partnership, implement any decisions of the Partnership made in connection with the design, development and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities.

(xiii) Perform and administer any and all other services and responsibilities of the Developer which are set forth in any other provisions of this Development Agreement, or which are requested to be performed by the Partnership and are within the general scope of the services described herein. In no event shall Developer be responsible for or act on behalf of the Partnership with respect to (1) site identification, acquisition or feasibility analyses, (2) obtaining either federal low income tax credits, (3) identifying potential limited partner investors or negotiating the terms and conditions related to such investors' investment in the Partnership, or (4) identifying potential lenders of permanent financing for the project, securing permanent loan commitments or negotiating the terms and conditions of permanent loans for the Project; all such foregoing activities are to be performed by the General Partner.

Section 2. Limitations and Restrictions. Notwithstanding any provisions of this Development Agreement, the Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by the Partnership:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction and/or alteration of any improvements contemplated thereby, except for such matters as may be expressly delegated in writing to the Developer by the Partnership;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the Partnership, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to the Developer by the Partnership;

(c) Making any expenditure or incurring any obligation by or on behalf of the Partnership or the Project involving a sum in excess of \$25,000 or involving a sum of less than \$5,000 where the same relates to a component part of any work, the combined cost of which exceeds \$25,000, except for expenditures made and obligations incurred pursuant to and specifically set forth in a construction budget approved by the Partnership (the "Construction Budget") or for such matters as may be otherwise expressly delegated to the Developer by the Partnership;

(d) Making any expenditure or incurring any obligation which, when added to any other expenditure, exceeds the Construction Budget or any line item specified in the Construction Budget, except for such matters as may be otherwise expressly delegated in writing to the Developer by the Partnership; or

(e) Expending more than what the Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Partnership or otherwise in connection with the Project.

Section 3. Accounts and Records.

(a) The Developer on behalf of the Partnership, shall keep such books of account and other records as may be required and approved by the Partnership, including, but not limited to, records relating to the costs of construction and construction advances. The Developer shall keep

vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Partnership, covering all collections, if any, disbursements and other data in connection with the Project prior to final completion of construction. All accounts and records relating to the Project, including all correspondence, shall be surrendered to the Partnership, upon demand without charge therefor.

(b) The Developer shall cooperate with the Management Agent to facilitate the timely preparation by the Management Agent of such reports and financial statements as the Management Agent is required to furnish pursuant to the Management Agreement.

(c) All books and records prepared or maintained by the Developer shall be kept and maintained at all times at the place or places approved by the Partnership, and shall be available for and subject to audit, inspection and copying by the Management Agent, the Partnership or any representative or auditor thereof or supervisory or regulatory authority, at the times and in the manner set forth in the Agreement.

Section 4. Obligation To Complete Construction and to Pay Development Costs.

The Developer shall complete the construction of the Project or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and shall equip the Project or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, provided for in the Project Documents and the Plans and Specifications. The Developer also shall cause the achievement of Final Closing in accordance with the terms of the Agreement. If the Specified Proceeds as available from time to time are insufficient to cover all Development Costs and achieve Final Closing, the Developer shall advance or cause to be advanced to the Partnership from time to time as needed all such funds as are required to pay such deficiencies (the "Development Advances"). Any Development Advances shall, to the extent permitted under the Project Documents and any applicable regulations or requirements of any Project Lender or Agency, be reimbursed at or prior to Final Closing only out of Specified Proceeds available from time to time after payment of all Development Costs.

Section 5. Development Amount.

Any Development Advances made by the Developer shall be reimbursed from Specified Proceeds as set forth in Section 5. As reimbursement for any additional Development Advances and as a fee for its services in connection with the development of the Project and the supervision of the construction/rehabilitation of the Project, the Developer shall be paid (the "Development Amount") an amount equal to \$[13,377,273].

The Development Amount shall be deemed to have been earned as and when the services specified herein shall have been rendered, as follows:

- (i) [Ten percent (10%)] before Initial Closing for preconstruction development services;
- (ii) [Ten percent (10%)] upon commencement of construction of the Project;

(iii) [Eighty percent (80%)] upon the placement in service of 100% of the Project units.

The Development Amount shall be paid in four installments as follows:

- (i) \$[2,000,000] at Initial Closing;
- (ii) \$[475,000] upon satisfaction of the conditions to the payment of the Limited Partner of its Second Capital Contribution;
- (iii) \$[3,710,051] upon satisfaction of the conditions to the payment of the Limited Partner of its Fifth Capital Contribution;
- (iv) \$[1,859,336] upon satisfaction of the conditions to the payment of the Limited Partner of its Sixth Capital Contribution; and
- (v) \$[1,296,066] upon satisfaction of the conditions to the payment of the Limited Partner of its Final Capital Contribution.

Any installment (or any portion thereof) of the Development Amount not paid when otherwise due hereunder, anticipated to be \$[4,036,820], shall be deferred, which deferred amount shall accrue interest at three percent (3%) commencing as of the date of the Limited Partner's Final Capital Contribution and shall be paid to the principal amount outstanding, from next available Net Cash Flow in the priority set forth in Section 11.03(b) of the Agreement; provided, however, that any unpaid balance of the Development Amount shall be due and payable in all events by the end of the Compliance Period. Notwithstanding anything to the contrary contained in this Development Agreement, no installment of the Development Amount shall be paid to the Developer unless and until all then required Development Costs have been paid and/or funded.

Notwithstanding anything else in this Development Agreement to the contrary, if the Developer fails to complete construction of the Project at a total depreciable cost such that the Project does not satisfy the "50% test" under Code Section 42(h)(4)(B), then the Development Fee shall be reduced on a dollar for dollar basis to the extent the payment of such Development Fee would cause less than 50% of the aggregate cost basis of the construction and the basis of the land on which the construction is located, as such terms are defined in Code Section 42(h)(4)(B), to be financed by an obligation described in Code Section 42(h)(4)(A).

Section 7. Applicable Law.

This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Hawaii.

Section 8. Binding Agreement.

This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 9. Default and Remedies.

a. If the Developer shall default in the performance of any of its covenants or obligations under this Development Agreement and such default shall continue unremedied for a period of 30 days after written notice thereof from the Partnership to the Developer, the Partnership may exercise one or more of the following rights and remedies, provided, however, if the default is of such a nature that it cannot be cured within the 30-day period, and the Developer has commenced to cure each default within the 30-day period, the Developer shall have an additional 30 days in which to cure said default provided it acts in good faith and with due diligence to cure the same (all of which shall be cumulative):

1. Terminate this Development Agreement;
2. Enforce the provisions of this Development Agreement by legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy and recover damages caused by any breach by the Developer of the provisions of this Development Agreement, including court costs, reasonable attorneys' fees and other expenses incurred in the enforcement of the obligations of the Developer hereunder; and/or
3. Exercise any and all rights and remedies which the Partnership (or its Partners) may have under applicable law.

b. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any event of default hereunder which is not cured within the time period specified in Section 9(a) above, the Partnership is authorized to set off and to apply any amounts payable to the Developer hereunder, or under the Agreement against and on account of the obligations of the Developer to the Partnership hereunder.

c. As long as Developer is not in default under this Development Agreement, the obligation of the Partnership to pay the Development Amount shall not be affected by any change in the identity of the General Partner of the Partnership. However, if the General Partner is in default of its obligations under Section 8.10(a) of the Agreement, the Developer agrees that the Partnership may suspend payment of the Development Amount until the earlier to occur of (i) the cure of the Section 8.10(a) default, or (ii) the General Partner and Class B Limited Partner have made a Special Capital Contribution in accordance with Sections 5.01(b) and 8.10(a)(iv) of the Agreement.

Section 10. Headings.

All section headings in this Development Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 11. Terminology.

All personal pronouns used in this Development Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

For purposes of this Development Agreement, the following terms have the following meanings:

"Specified Proceeds" means (i) the proceeds of all Project Loans, (ii) the net rental income, if any, generated by the Project prior to Final Closing which is permitted by the Project Lenders to be applied to the payment of Development Costs, (iii) the Capital Contributions of the Limited Partner, (iv) the Capital Contributions of the General Partner in the amounts set forth in Section 5.01(a) of the Agreement as of the Initial Closing, and (v) any insurance proceeds arising out of casualties occurring prior to Final Closing.

Section 12. Benefit of Agreement.

The obligations and undertakings of the Developer set forth in this Development Agreement are made for the benefit of the Partnership and its Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Development Agreement of any rights hereunder.

Section 13. Notice.

All notices, demands, consents, requests, or other communications that are either required or contemplated in connection with this Development Agreement shall be in writing, and shall be deemed given to the intended recipient thereof upon the earlier of: (a) actual delivery thereof at the address designated below for such intended recipient; (b) the first Business Day after deposit with a nationally recognized, reputable commercial courier service, such as Federal Express Company, with all charges prepaid; (c) when sent by facsimile transmission (with written confirmation of receipt); or (d) the third Business Day after the deposit thereof at any main or branch United States post office with postage prepaid for delivery thereof via certified or registered first class mail, return receipt requested, and in any such case addressed as follows:

To the Partnership:

KPLR Phase 1, LP
c/o HCDC Kuhio Park 1 LLC
330 West Victoria Street
Gardena, California 90248
Attention: Michael Costa

with a copy to:

Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attention: Christian Dubois

and to:

RBC Community Investments, LLC
600 Superior Avenue, Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel
Fax No.: (216) 875-2612

And to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, California 90071
Attention: Kyle Arndt, Esq.
(213) 239-8048

To the Developer:

c/o HCDC Kuhio Park 1 LLC
330 West Victoria Street
Gardena, California 90248
Attention: Michael Costa

with a copy to:

Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attention: Christian Dubois

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

KPLR PHASE 1, LP, a Hawaii limited partnership

By: HCDC Kuhio Park 1 LLC, a Hawaii limited liability company, its general partner

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

(signatures continue on following page)

DEVELOPER:

HCDC KUHIO PARK 1 LLC, a Hawaii limited liability company

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its Manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its Manager

By: _____
Mohannad H. Mohanna
Its President

**EXHIBIT G
TO PARTNERSHIP AGREEMENT**

GUARANTY

(attached)

G-1

GUARANTY

THIS GUARANTY (the "Guaranty"), made as of August 1, 2025, is by Highridge Costa Housing Partners, LLC, a Delaware limited liability company ("Guarantor"), for the benefit of RBC Community Investments, LLC in its capacity as Limited Partner, and its successors and/or assigns, RBC Community Investments Manager II, Inc., a Delaware corporation in its capacity as Special Limited Partner, and its successors and/or assigns (collectively, "RBC") and Berkadia Kuhio Park Low-Rise MTE LLC, a Delaware limited liability company, in its capacity as State Limited Partner, and its successors and/or assigns ("Berkadia"; RBC and Berkadia are collectively referred to as the "Investors").

Recitals

WHEREAS, HCDC Kuhio Park 1 LLC, a Hawaii limited liability company (the "General Partner") of KPLR Phase 1, LP, a Hawaii limited partnership (the "Partnership");

WHEREAS, the Partnership is governed by its Amended and Restated Agreement of Limited Partnership dated as of August 1, 2025 (the "Agreement");

WHEREAS, HCDC Kuhio Park 1 LLC, a Hawaii limited liability company (the "Developer"), the Partnership, and Hawaii Housing Finance and Development Corporation, a public body and body corporate and politic of the State of Hawaii have entered into that certain Development Agreement dated as of the date hereof (the "Development Agreement");

WHEREAS, the Investors have been requested to enter into the Agreement and the Partnership with the General Partner;

WHEREAS, Guarantor is an affiliate of the General Partner, and believes it shall substantially benefit, directly or indirectly, from the Investors entering into the Agreement and the Partnership with the General Partner; and

WHEREAS, as a condition to entering into the Agreement and the Partnership and the Investors have required the Guarantor to guarantee to the Investors the obligations of the General Partner and the Developer under the Agreement and certain other items as herein set forth;

NOW, THEREFORE, in order to induce the Investors to enter into the Agreement and the Partnership in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Guarantor hereby covenants and agrees as follows:

1. Guarantor irrevocably and unconditionally fully guarantees the due, prompt and complete performance of each and every one of the following obligations: (a) set forth in Sections 4.01 (ai), 4.01(az), 4.02(i), 4.02(l), 4.02(m), 4.02(n), 5.01(b), 5.01(g), 5.05, 8.09, 8.10, 8.11, 11.06(b), and 16.07 of the Agreement; and (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees)

-1-

incurred by the Investors, in collection of the enforcement of this Guaranty against the Guarantor (the obligations described in this Paragraph 1 are hereinafter collectively referred to as the "Indebtedness").

2. Guarantor hereby grants to the Investors, in the uncontrolled discretion of the Investors, and without notice to any Guarantor, the power and authority to deal in any lawful manner with the Indebtedness and the other obligations guaranteed hereby, and without limiting the generality of the foregoing, further power and authority, from time to time:

(a) to renew, compromise, extend, accelerate or otherwise change the time or place of payment of or to otherwise change the terms of the Indebtedness;

(b) to modify or to waive any of the terms of the Agreement, the Development Agreement and/or any other obligations guaranteed hereby provided that such modification shall not increase the Guarantor's obligations thereunder or liabilities hereunder;

(c) to take and hold security for the payment of the Indebtedness and/or performance of the other obligations guaranteed hereby and to impair, exhaust, exchange, enforce, waive or release any such security;

(d) to direct the order or manner of sale of any such security as the Investors, in their discretion, may determine;

(e) to grant any indulgence, forbearance or waiver with respect to the Indebtedness or any of the other obligations guaranteed hereby;

(f) to remove the General Partner pursuant to the terms of the Agreement;

(g) to release or waive rights against any one or more Guarantors without releasing or waiving any rights against any other Guarantor; and/or

(h) to agree to any valuation by the Investors of any collateral securing payment of any of the Indebtedness in any proceedings under the United States Bankruptcy Code concerning the Investors or the Guarantor.

The liability of Guarantor hereunder shall not be affected, impaired or reduced in any way by any action taken by the Investors under the foregoing provisions or any other provision hereof, or by any delay, failure or refusal of the Investors to exercise any right or remedy it may have against the General Partner or any other person, firm or corporation, including other guarantors, if any, liable for all or any part of the Indebtedness or any of the other obligations guaranteed hereby. Notwithstanding any provision herein to the contrary, the Guarantor shall be free of any obligations or liabilities incurred after the effective date of removal of the General Partner, in accordance with the terms and provisions of the Partnership Agreement, if such obligations or liabilities relate to activities conducted by the Partnership after such effective date and are not related to the errors or omissions of the General Partner or the Guarantor occurring or first incurred prior to such effective date.

3. Guarantor agrees that if any of the Indebtedness is not fully and timely paid or performed according to the tenor thereof, whether by acceleration or otherwise, the Guarantor shall immediately upon receipt of written demand therefor from the Investors pay all of the Indebtedness hereby guaranteed in like manner as if the Indebtedness constituted the direct and primary obligation of the Guarantor. The Guarantor shall not have any right of subrogation as a result of any payment hereunder or any other payment made by the Guarantor on account of the Indebtedness, and Guarantor hereby waives, releases and relinquishes any claim based on any right of subrogation, any claim for unjust enrichment or any other theory that would entitle a Guarantor to a claim against the General Partner based on any payment made hereunder or otherwise on account of the Indebtedness.

4. (a) Guarantor is a limited liability company organized under the laws of the State of Delaware, and has full power and authority to execute, enter into and perform its obligations under this Guaranty.

(b) This Guaranty has been duly executed and delivered to the Investors, and the obligations of Guarantor set forth herein are the legal, valid and binding obligations of Guarantor enforceable in accordance with the terms hereof subject to creditors rights and general principles of equity. Neither the entry into nor the performance of and compliance with this Guaranty has resulted or will result in any violation of, or a conflict with or a default under Guarantor's charter documents, any judgment, decree, order, mortgage, indenture contract, agreement or lease by which Guarantor or any of its property is bound or any statute, rule or regulation applicable to Guarantor.

5. Guarantor represents and warrants that it has a minimum liquidity (cash and marketable securities) of \$5,000,000 and a minimum net worth (determined in accordance with generally accepted accounting principles) of \$25,000,000. Upon achievement of the Stabilization Date, the minimum liquidity (cash and marketable securities) shall be reduced to \$3,600,000 and the minimum net worth (determined in accordance with generally accepted accounting principles) shall be reduced to \$15,000,000. Upon achievement of the Release Date, the minimum liquidity (cash and marketable securities) shall be reduced to \$2,000,000 and the minimum net worth (determined in accordance with generally accepted accounting principles) shall be reduced to \$10,000,000. Guarantor agrees that it will provide to the Investors, annually within sixty (60) days after the beginning of each fiscal year and more frequently upon the request of the Investors, updated unaudited financial statements, including a balance sheet, an income statement, a statement of changes in financial position, and such other statements as the Investors may reasonably request, prepared in accordance with generally accepted accounting practices, consistently applied, and certified as true and complete, without qualification, by the appropriate financial officer of such Guarantor or, if required by the Investors, by an independent certified public accountant acceptable to the Investors, together with such supporting documentation as the Investors may reasonably request. If audited financial statements are prepared for any Guarantor for any period, the Guarantor shall furnish a copy of the same to the Investors. The requirements of this Section 5 shall terminate upon achievement of the Release Date (as defined in the Agreement).

6. This Guaranty and the obligations of Guarantor hereunder shall be continuing and irrevocable until the Indebtedness has been satisfied in full. Notwithstanding the foregoing or anything else set forth herein, and in addition thereto, if at any time all or any part of any payment received by the Investors from a Guarantor under or with respect to this Guaranty is or must be rescinded or returned for any reason whatsoever (including, but not limited to, determination that said

payment was a voidable preference or fraudulent transfer under insolvency, bankruptcy or reorganization laws), then Guarantor's obligations hereunder shall, to the extent of the payment rescinded or returned, be deemed to have continued in existence, notwithstanding such previous receipt of payment by the Investors and Guarantor's obligations hereunder shall continue to be effective or be reinstated as to such payment, all as though such previous payment to the Investors had never been made. The provisions of the foregoing sentence shall survive termination of this Guaranty, and shall remain a valid and binding obligation of Guarantor until satisfied.

7. Guarantor hereby waives notice of acceptance of this Guaranty by the Investors and this Guaranty shall immediately be binding upon Guarantor. Any Guarantor who executes this Guaranty shall be fully bound hereby regardless of whether or not any other Guarantor subsequently executes this Guaranty.

8. Guarantor hereby waives and agrees not to assert or take advantage of:

(a) any right to require the General Partner to proceed against any other person or to proceed against or exhaust any security held by the General Partner at any time or to pursue any other remedy in the General Partner's power before proceeding against Guarantor hereunder;

(b) any right to require the Investors to proceed against the General Partner or any other person or to proceed against or exhaust any security held by the Investors at any time or to pursue any other remedy in the Investors' power before proceeding against Guarantor hereunder;

(c) the defense of the statute of limitations in any action hereunder or in any action for the collection of the Indebtedness or the performance of any other obligations guaranteed hereby;

(d) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of the Investors to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

(e) demand, presentment for payment, notice of non-payment, protest, notice of protest and all other notices of any kind, including, without limitation, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of the Investors or any endorser or creditor of the Investors or any Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation or evidence of indebtedness held by the Investors or in connection with the Indebtedness;

(f) any defense based upon an election of remedies by the Investors, the right of Guarantor to proceed against the Investors for reimbursement, or both, or if contrary to the express agreement of the parties, Hawaii law is deemed to apply to this Guaranty, any rights or benefits under the bankruptcy and insolvency laws of the State of Hawaii or under Sections 364 and 1111 of the U.S. Bankruptcy Code as same may be amended or replaced from time to time;

(g) any election by the Investors to exercise any right or remedy it may have against the Partnership or any security held by the Investors, including, without limitation, the right to foreclose upon any such security by judicial or non-judicial sale, without affecting or impairing in

any way the liability of any Guarantor hereunder, except to the extent the indebtedness has been paid, and each Guarantor waives any default arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of the Guarantor against the Partnership or any such security whether resulting from such election by the Investors or otherwise. Guarantor understands that if all or any part of the liability of the Partnership to the Investors for the Indebtedness is secured by real property Guarantor shall be liable for the full amount of their liability hereunder, notwithstanding foreclosure on such real property by trustee sale or any other reason impairing the Guarantor's right to proceed against the Partnership; and

(h) all duty or obligation on the part of the Investors to perfect, protect, not impair, retain or enforce any security for the payment of the Indebtedness or performance of any of the other obligations guaranteed hereby.

9. All existing and future indebtedness of the General Partner to the Guarantor or to any person controlled or owned in whole or in part by any Guarantor and, the right of the Guarantor to withdraw or to cause or permit any person controlled or owned in whole or in part by any Guarantor to withdraw any capital invested by such Guarantor or such person in the General Partner, is hereby subordinated to the Indebtedness at any time after a default exists under the Indebtedness. Furthermore, without the prior written consent of the Investors, such subordinated indebtedness shall not be paid and such capital shall not be withdrawn in whole or in part nor shall any Guarantor accept or cause or permit any person controlled or owned in whole or in part by a Guarantor to accept any payment of or on account of any such subordinated indebtedness or as a withdrawal of capital at any time after a default exists under the Indebtedness. Any payment received by Guarantor in violation of this Guaranty shall be received by the person to whom paid in trust for the Investors and such Guarantor shall cause the same to be paid to the Investors immediately on account of the Indebtedness. No such payment shall reduce or affect in any manner the liability of the Guarantor under this Guaranty.

10. The amount of Guarantor's liability and all rights, powers and remedies of the Investors hereunder shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to the Investors under the Agreement, any document or agreement relating in any way to the terms and provisions thereof or otherwise by law. With respect to Guarantor, this Guaranty is in addition to and exclusive of the guaranty of any other Guarantor executing this Guaranty or any other person or entity which guarantees the Indebtedness and/or the other obligations guaranteed hereby.

11. The liability of Guarantor under this Guaranty shall be an absolute, direct, immediate and unconditional guarantee of payment and not of collectability. The obligations of Guarantor hereunder are independent of the obligations of the General Partner or any other party which may be initially or otherwise responsible for performance or payment of the obligations hereunder guaranteed and each other Guarantor, and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against any one or more Guarantor, whether or not the General Partner is joined therein or a separate action or actions are brought against the General Partner. The Investors may maintain successive actions for other defaults. The Investors 's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless the Indebtedness has been paid in full.

12. The Investors in their sole discretion, may at any time enter into agreements with the General Partner or with any other person to amend, modify or change the Agreement or any document or agreement relating in any way to the terms and provisions thereof, or may at any time waive or release any provision or provisions thereof and, with reference thereto, may make and enter into all such agreements as the Investors may deem proper or desirable, without any notice or further assent from any Guarantor and without in any manner impairing or affecting this Guaranty or any of the rights of the Investors or any Guarantor's obligations hereunder.

13. The Guarantor hereby agrees to pay to the Investors, upon demand, reasonable attorneys' fees and all other costs and other expenses which the Investors expends or incurs in collecting or compromising the Indebtedness or in enforcing this Guaranty against any Guarantor whether or not suit is filed, including, without limitation, all costs, attorneys' fees and expenses incurred by the Investors in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving a Guarantor which in any way affect the exercise by the Investors of their rights and remedies hereunder. Any and all such costs, attorneys' fees and expenses not so paid shall bear interest at an annual interest rate equal to the lesser of (i) 18%, or (ii) the highest rate permitted by applicable law, from the date incurred by the Investors until paid by the Guarantor.

14. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

15. No provision of this Guaranty or right of the Investors hereunder can be waived nor can any Guarantor be released from such Guarantor's obligations hereunder except by a writing duly executed by the Investors. This Guaranty may not be modified, amended, revised, revoked, terminated, changed or varied in any way whatsoever except by the express terms of a writing duly executed by the Investors and the Guarantor.

16. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

17. The Guarantor acknowledges that it is contemplated that the Investors will assign all or a portion of its interest to a Fund (as defined in the Agreement). If and when any or all of the Indebtedness is assigned by the Investors, this Guaranty shall automatically be assigned therewith in whole or in part, as applicable, without the need of any express assignment and when so assigned, each Guarantor shall be bound as set forth herein to the assignee(s) without any further action or consent required of the Guarantor or in any manner affecting any Guarantor's liability hereunder for any part of the Indebtedness retained by such RBC.

18. This Guaranty shall inure to the benefit of and bind the respective heirs, legal representatives, administrators, executors, successors and assigns of the Investors and Guarantor.

19. This Guaranty shall be governed by and construed in accordance with the laws of the State of Hawaii without regard to principles of conflicts of law, except to the extent that any of such laws may now or hereafter be preempted by Federal law, in which case, such Federal law shall so govern and be controlling. In any action brought under or arising out of this Guaranty, Guarantor

hereby consents to the jurisdiction of any competent court within the State of Hawaii and consents to service of process by any means authorized by the laws of such state. Except as provided in any other written agreement now or at any time hereafter in force between the Investors and any Guarantor this Guaranty shall constitute the entire agreement of Guarantor with the Investors with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon the Investors or Guarantor unless expressed herein.

20. Guarantor hereby waives any duty on the part of the Investors to disclose to Guarantor any facts the Investors may now or hereafter know about the Partnership or the General Partner, regardless of whether the Investors have reason to believe that any such facts materially increase the risk beyond that which Guarantor intend to assume or that such facts are unknown to Guarantor. As between the Investors and Guarantor, Guarantor is responsible for being and keeping informed of the financial condition of the Partnership and the General Partner and of all circumstances bearing on the risk of non-performance of the Indebtedness.

21. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next Business Day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

RBC:	RBC Community Investments, LLC 600 E. Superior Avenue, Suite 2300 Cleveland, Ohio 44114 Attention: President and General Counsel

Berkadia:	Berkadia Kuhio Low-Rise MTE LLC c/o Berkadia Affordable Tax Credit Solutions 50 South 16 th Street Philadelphia, Pennsylvania 19102 Attention: Managing Director

Guarantor:	Highridge Costa Housing Partners, LLC 330 West Victoria Street Gardena, California 90248 Attention: Michael Costa

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or comparable overnight courier) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next Business Day following any such deposit with Federal Express or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the

notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

23. Guarantor hereby agrees that this Guaranty, the Indebtedness and all other obligations guaranteed hereby, shall remain in full force and effect at all times hereinafter until paid and/or performed in full notwithstanding any action or undertakings by, or against, the Investors, any Guarantor, and/or any member of the Investors in any proceeding in the United States Bankruptcy Court, including, without limitation, any proceeding relating to valuation of collateral, election or imposition of secured or unsecured claim status upon claims by the Investors pursuant to any Chapter of the Bankruptcy Code or the Rules of Bankruptcy Procedure as same may be applicable from time to time.

24. Any married person who signs this Guaranty hereby agrees that recourse may be had against his or her separate property for all of his or her obligations.

25. This Guaranty may be by electronic signature and executed in any number of counterparts (which may be delivered electronically), each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, with the same effect as if all parties hereto had signed the same signature page. Any signature page of this Guaranty may be detached from any counterpart of this Guaranty without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Guaranty identical in form hereto but having attached to it one or more additional signature pages. Execution by Guarantor shall bind such Guarantor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Affiliate Guaranty as of the day and year first above written.

GUARANTOR:

HIGHRIDGE COSTA HOUSING PARTNERS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT H
TO PARTNERSHIP AGREEMENT
INCENTIVE MANAGEMENT FEE AGREEMENT

(attached)

INCENTIVE MANAGEMENT FEE AGREEMENT

THIS INCENTIVE MANAGEMENT FEE AGREEMENT (the "Incentive Management Fee Agreement") made as of August 1, 2025, by and between KPLR Phase 1, LP, a Hawaii limited partnership (the "Partnership") and HCDC Kuhio Park 1 LLC, a Hawaii limited liability company (the "General Partner" also referred to as the "Agent").

Recitals

WHEREAS, the Partnership is governed by its Amended and Restated Agreement of Limited Partnership of even date herewith (the "Agreement"); and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a 304-unit multifamily apartment complex intended for rental to low income families, to be known as Kuhio Low Rises Park Phase 1, and to be located in Honolulu County, Honolulu, Hawaii (the "Project"); and

WHEREAS, the Partnership desires that the Agent provide certain management services with respect to the business of the Partnership for the period commencing as of the date hereof and continuing throughout the term of the Partnership.

NOW, THEREFORE, in consideration of the recitals, covenants and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

1. Appointment. The Partnership hereby appoints the Agent to render services in managing and administering the Partnership during the term of the Partnership and for as long as the Agent is a general partner of the Partnership as herein contemplated. The appointment of the Agent hereunder shall terminate on the earlier of (i) the date the Agent withdraws as a general partner of the Partnership, including, without limitation, the removal of the Agent pursuant to Article VI of the Agreement, or (ii) the expiration of the term of the Partnership.

2. Authority. In conformity with the provisions of the Agreement, throughout the term of the Partnership, the Agent shall have the authority and the obligation, which authority and obligation may, subject to the provisions of the Agreement, be exercised by the Agent to:

(i) administer, manage and direct the business of the Partnership, and take such further action as it may deem necessary or desirable to further the interest of the Partnership in accordance with the provisions of the Agreement;

(ii) monitor the day-to-day operations of the Project and make recommendations with respect thereto;

(iii) investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants and other similar advisors, attorneys, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers, insurance

agents and banks) and persons acting in any other capacity in connection with the Partnership;

(iv) maintain appropriate books and records of the Partnership in accordance with sound federal income tax accounting principles and in conformity with the requirements of the Project Lenders, including information relating to the sale by the Agent or any Affiliate of goods or services to the Partnership;

(v) be responsible for the safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts in accordance with Section 13.02 of the Agreement;

(vi) provide reports to Partners required pursuant to Sections 13.03 and 13.04 of the Agreement;

(vii) furnish or cause to be furnished to the Partners copies of any and all financial reports that may be requested by any party(ies) to any of the Project Documents or any governmental agencies having jurisdiction, including copies of any financial statements required by the Project Lenders;

(viii) furnish or cause to be furnished to the Partners and/or any party(ies) to any of the Project Documents all such information as they may reasonably request from time to time with respect to the financial and administrative conditions of the Project and the Partnership; and

(ix) provide office space, support staff and administrative services as required by the Partnership.

3. Fees. For services to be performed under this Incentive Management Fee Agreement, the Partnership shall pay as a non-cumulative Incentive Management Fee to the Agent, solely from the Net Cash Flow of the Partnership, the portion of Net Cash Flow as is specifically designated for payment of the Incentive Management Fee under Section 11.03(b)(x) of the Agreement.

4. Withholding of Fee Payments. In the event that (i) the Agent or any successor Agent shall not have substantially complied with any material provisions under this Incentive Management Fee Agreement and the Agreement, or (ii) the Agent shall have withdrawn or been removed pursuant to Article VI of the Agreement, then such Agent shall be in default of this Incentive Management Fee Agreement and the Partnership shall withhold payment of all or any installment of fees payable to such General Partner pursuant to Section 3 of this Incentive Management Fee Agreement and Section 8.13 of the Agreement.

All amounts so withheld by the Partnership under this Section 4 shall be promptly released to the Agent, only after the Agent has cured the default justifying the withholding, unless the Agent shall have been removed pursuant to the Agreement, in which event this Incentive Management Fee Agreement shall terminate as to the Agent in accordance with Section 5 below and all further obligations of the Partnership hereunder shall cease as of the date of such removal of the Agent (unless a Successor Agent has assumed the Agent's Obligations in accordance with Section 5). Notwithstanding the foregoing, the Partnership shall pay the Agent any Incentive Management Fee it

earned prior to the date of its termination, removal or withdrawal from the Partnership; however, the Partnership may offset any monies or obligations owed to the General Partner under this Incentive Management Fee Agreement by any monies owed by the General Partner to the Partnership under the Agreement.

If there is a final determination by the Service or, if such determination is contested by the Partnership, by a court of competent jurisdiction that all or a portion of the Incentive Management Fee is nondeductible, the Agent, in its capacity as a partner of the Partnership, will be specially allocated an amount of Partnership income in an amount of the Incentive Management Fee deemed to be nondeductible.

5. Successors and Assigns; Termination. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. If the Partnership Interests of the General Partner are transferred pursuant to the Agreement to another party (the "Successor General Partner"), further payment of the Incentive Management Fee from the Partnership to such Successor General Partner pursuant to Section 3 above shall be governed by such Section 8.13 of the Agreement, provided that such Successor General Partner has assumed the obligations of the General Partner hereunder pursuant to an assumption agreement in form acceptable to the Limited Partner. The parties hereto may terminate this Incentive Management Fee Agreement upon mutual consent to do so, except mutual consent shall not be required where the General Partner has withdrawn or been removed from the Partnership pursuant to Article VI of the Agreement.

6. Defined Terms. Capitalized terms used in this Incentive Management Fee Agreement and not specifically defined herein shall have the same meanings assigned to them as in the Agreement.

7. Separability of Provisions. Each provision of this Incentive Management Fee Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Incentive Management Fee Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Incentive Management Fee Agreement which are valid.

8. Counterparts. This Agreement may be by electronic signature and executed in several counterparts (which may be delivered electronically), each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

9. No Continuing Waiver. The waiver of any party of any breach of this Incentive Management Fee Agreement shall not operate or be construed to be a waiver of any subsequent breach.

10. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Hawaii.

11. Third Party Beneficiary. The Limited Partner and the State Limited Partner are each third-party beneficiaries of this Incentive Management Fee Agreement, and the Partnership, and the General Partner hereby expressly agree that any amendment to this Incentive Management Fee Agreement shall not be effective unless and until same is consented to by the Limited Partner.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Incentive Management Fee Agreement to be duly executed as of the date as first written above.

PARTNERSHIP:

KPLR PHASE 1, LP, a Hawaii limited partnership

By: HCDC Kuhio Park 1 LLC, a Hawaii limited liability company, its general partner

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

[signature pages continued next page]

GENERAL PARTNER:

HCDC KUHIO PARK 1, LLC, a Hawaii limited liability company

By: HCDC Hawaii Development LLC, a
Hawaii limited liability company, its manager

By: Highridge Costa Development
Company, LLC, a Delaware limited
liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

EXHIBIT I
TO PARTNERSHIP AGREEMENT
PURCHASE OPTION AGREEMENT

(attached)

PURCHASE OPTION AGREEMENT

This Purchase Option Agreement ("Purchase Agreement"), is made as of August 1, 2025, by and between KPLR Phase 1, LP, a Hawaii limited partnership (the "Partnership"), HCDC Kuhio Park 1 LLC, a Hawaii limited liability company ("Grantee") and is consented to hereinbelow by RBC Community Investments, LLC, an Illinois limited liability company, in its capacity as the Limited Partner, and its successors and/or assigns and RBC Community Investments Manager II, Inc., a Delaware corporation in its capacity as Special Limited Partner, and its successors and/or assigns (collectively, the "Consenting Limited Partner") and Berkadia Kuhio Park Low-Rise MTE LLC, a Delaware limited liability company, in its capacity as the State Limited Partner, and its successors and/or assigns (the "Consenting State Limited Partner" and the Consenting Limited Partner, the "Limited Partners").

Whereas, the Grantee and one or more other parties, concurrently with the execution and delivery of this Purchase Agreement, are entering into that certain Amended and Restated Agreement of Limited Partnership dated as of the date hereof (the "Agreement") continuing the Partnership by amending and restating a prior partnership agreement; and

Whereas, Grantee is the General Partner of the Partnership and has been instrumental in the development of the Project, as described in the Agreement; and

Whereas, as a condition precedent to the formation or continuation of the Partnership pursuant to the Agreement, Grantee has negotiated and required that the Partnership shall execute and deliver this Purchase Agreement in order to provide for such low-income housing, and the Consenting Limited Partner and the Consenting State Limited Partner have consented to this Purchase Agreement in order to execute and deliver the Purchase Agreement;

Now, therefore, in consideration of the execution and delivery of the Agreement and the payment by the Grantee to the Partnership of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option.

(a) The Partnership hereby grants to Grantee an option (collectively, the "Option") to purchase either (i) the real estate, fixtures, and personal property comprising the Project or associated with the physical operation thereof, owned by the Partnership at the time of purchase (the "Property") (the "Project Option"), or (ii) the Limited Partners' Partnership Interests in the Partnership (the "Partnership Interest Option") during the following period: commencing after the close of the ten year tax credit period for the low-income housing tax credit for the Project (the "Federal Credit Period") as determined under Section 42(f) of the Internal Revenue Code of 1986, as amended (the "Code") and continuing until the date that is twelve (12) months after the close the fifteen year compliance period for the low-income housing tax credit for the Project (the "Compliance Period") as determined under Section 42(i)(1) (the "Option Period"), on the terms and conditions set forth in this Purchase Agreement and subject to the conditions

precedent to exercise of the Option specified herein. If the Option is exercised prior to the end of the Compliance Period, the Grantee will be required to provide recapture security as described in Section 7 below.

The Partnership further grants to the Grantee an option (the “State LP Interest Option”) to purchase the Consenting State Limited Partner’s Partnership Interest in the Partnership (“State Limited Partner Interest”) beginning on the first day after the expiration of the five-year credit period for the State Housing Tax Credits determined under HI Rev Stat §235-110.8 (the “State LP Interest Option Commencement Date”) and continuing through the end of the Option Period (the “State LP Interest Option Period”), on the terms and conditions set forth in this Purchase Agreement and subject to the conditions precedent to exercise of the State LP Interest Option specified herein. If the State LP Interest Option is exercised prior to the end of the last day of the first full calendar year occurring after the end of the fifteen year compliance period for the low income housing tax credit for the Project as determined under Rev Stat §235-110.8 (the “State Compliance Period”), the Grantee shall cause the Partnership to comply with all requirements under Section 42 of the Code and HI Rev Stat §235-110.8 for all buildings in the Project and will be required to provide recapture security in a form acceptable to the Consenting Limited Partner, as described in Section 7 below.

Reference is made to a separate Purchase Option and Right of First Refusal Agreement between the Partnership, the Grantee, Hawaii Public Housing Authority, a public body and a body corporate and politic, existing under the laws of the State of Hawaii (the “Housing Authority”), and the Limited Partners dated as of even date herewith (the “Housing Authority Option”), which provides the Housing with an option to purchase the same interests upon different terms. The Housing Purchase Option of the Property and the Limited Partners Interests begins after the close of the Compliance Period and continues until the date that is two years after the close of the Compliance Period. For purposes of this Purchase Agreement, the twelve months following the end of the Compliance Period will be referred to as the “Overlap Period”. The General Partner agrees that, upon the end of the Compliance Period and during the Overlap Period, its Option is subordinate to the Housing Authority Option and that the General Partner cannot exercise the Option without first obtaining the written consent of the Housing Authority.

2. Reserved.

3. A. Purchase Price Under Option. The purchase price for the Property or the Partnership Interest(s) pursuant to the Options shall be the greater of the following amounts, subject to the proviso set forth hereinbelow:

a. Debt and Taxes. An amount sufficient to: (i) in the case of Grantee’s acquisition of the Property only, to pay all debts (including partner loans) and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Project Option, and (ii) to distribute to the Limited Partners and General Partner after payment of all amounts due under Section 11.04(a) through (e) of the Agreement, cash proceeds equal to the taxes projected to be imposed on the Limited Partners and General Partner of the Partnership as a result of the sale of the

Property or the Limited Partner's Partnership Interests (including, without limitation, any Projected Tax Liabilities), as applicable, pursuant to the Option, all as more fully stated in Section 11.04 of the Agreement, which is hereby incorporated herein by reference, provided however, that for purposes of calculating the amount of such cash proceeds, the "taxes projected to be imposed on the Limited Partners" shall be limited to those taxes payable solely to the extent resulting from a negative Capital Account balance of the Limited Partners upon such sale that exceeds the negative Capital Account balance of the Limited Partners (together with any transfer tax or similar tax) projected in the Projections as of the Initial Closing; or

b. Fair Market Value. The fair market value (as applicable) of (i) the Property, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions to the extent such restrictions are in effect as of the date of such appraisal, any such appraisal to be made by a licensed appraiser, selected by the Partnership's regular certified public accountants, who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project is located or (ii) the fair market value of the applicable Partnership Interest(s) each appraised as a Partnership Interest in a Partnership which owns a low-income housing development, with restrictions required under the Use Restrictions to the extent such restrictions are in effect as of the date of such appraisal, any such appraisal to be made by a licensed appraiser, selected by the Partnership's regular certified public accountants, who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project is located.

B. Purchase Price Under State LP Interest Option. The purchase price for the Consenting State Limited Partner Interests shall be the greater of the following amounts, subject to the proviso set forth hereinbelow:

a. Debt and Taxes. An amount sufficient (i) to distribute to the Consenting State Limited Partner, cash proceeds equal to the federal, state, and local taxes projected to be imposed on the Consenting State Limited Partner as a result of the sale pursuant to the State LP Interest Option, and (ii) to pay any other amounts due and owing to the Consenting State Limited Partner pursuant to the Agreement; or

b. Fair Market Value. The fair market value of the State Limited Partner Interests, which amount shall equal the amount which would be payable and/or distributable to the Consenting Limited Partner, Consenting State Limited Partner, and Special Limited Partner following any sale of the Project for its fair market value as set forth above, provided, however, that in no event shall the purchase price for the partnership interests of the Consenting Limited Partner, Consenting State Limited Partner, and the Special Limited Partner pursuant to the State LP Interest Option be less than an amount sufficient to distribute to the Consenting Limited Partner, Consenting State Limited Partner, and Special Limited Partner, cash proceeds equal to the amount which would be payable and/or distributable to the Consenting Limited Partner, Consenting State Limited Partner and the Special Limited Partner pursuant to Section 11.04 of the Agreement (without regard to

partners' capital account balances) following any sale of the Property under the Project Option at the purchase price set forth in subsection 3(A); and

multiplied by the Consenting State Limited Partner's 1% in the Partnership.

4. Reserved.

5. Assignment. Grantee may assign all or any of its rights under this Purchase Agreement to any Affiliate of the Grantee (a "Permitted Assignee") that demonstrates its ability and willingness to maintain the Project as low-income housing in accordance with the Use Restrictions, in any case subject to the prior written consent of the Consenting Limited Partner, which shall not be unreasonably withheld if the proposed grantee demonstrates that it is reputable and creditworthy and is a capable, experienced owner and operator of residential rental property, and subject in any event to the conditions precedent to the Option and the State LP Option prices as set forth in Sections 3 hereof. Prior to any assignment or proposed assignment of its rights hereunder, Grantee shall give written notice thereof to the Partnership, the General Partner, the Consenting State Limited Partner, and the Consenting Limited Partner. Upon any permitted assignment hereunder, references in this Purchase Agreement to Grantee shall mean the permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Purchase Agreement and so assigned. No assignment of Grantee's rights hereunder shall be effective unless and until the permitted Assignee enters into a written agreement accepting the assignment and assuming all of Grantee's obligations under this Purchase Agreement and copies of such written agreement are delivered to the Partnership, the General Partner, the Consenting State Limited Partner, and the Consenting Limited Partner. Except as specifically permitted herein, Grantee's rights hereunder shall not be assignable.

6. Conditions Precedent. Notwithstanding anything in this Purchase Agreement to the contrary, the Options and the State LP Interest Option granted hereunder shall be contingent on the Grantee not having been removed as General Partner of the Partnership, and there being no existing material uncured default by the General Partner under the Agreement (beyond the expiration of any applicable notice and cure periods). If the General Partner has been removed as General Partner of the Partnership the Options and the State LP Interest Option shall not be exercisable. Upon any of the events terminating the Grantee as the General Partner of the Partnership, the Options and the State LP Option (as applicable) shall be void and of no further force and effect.

7. Exercise of Options or State LP Interest Option.

a. The Options and/or the State LP Interest Option may be exercised by the Grantee by (a) giving prior written notice of its intent to exercise the Options and/or State LP Interest Option to the Partnership and each of its partners in the manner provided in the Agreement and in compliance with the requirements of this Section 7, and (b) complying with the contract and closing requirements of Section 8 hereof. Any such notice of exercise shall be given at any time during the Option Period and/or the State LP Interest Option Period (as applicable). In either case, the notice of intent shall specify a closing date within 270 days of the date of exercise of the Options or State LP Interest Option. If the

foregoing requirements are not met as and when provided herein, the Options and/or State LP Interest Option shall expire and be of no further force or effect. Upon notice by Grantee of its intent to exercise the Options and/or State LP Interest Option, all rights under the other shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Property pursuant to such notice shall expire and be of no further force or effect, provided that in the event that the Option and/or State LP Interest Option, is hereafter held by different parties by reason of any permitted assignment or otherwise, Grantee in its assignment(s) or such parties by written agreement may specify any other order of priority consistent with the other terms and conditions of this Purchase Agreement.

b. Exercise Before Expiration of Compliance Period and/or the State Compliance Period.

[Remains subject to comment] It shall be a condition precedent to the exercise of the Option and/or the State LP Interest Option at any time prior to the end of the Compliance Period or the State Compliance Period (as applicable) that the Grantee (i) obtains the consent of the Limited Partner, (ii) provide and maintain guarantees, a letter of credit or other security to protect the Limited Partner and Special Limited Partners, and their respective Partners, from the recapture of Tax Credits in form and substance acceptable to the Limited Partner and Special Limited Partner in their reasonable discretion, (iii) covenant and agree to maintain the Project as a qualified low-income housing project for the balance of the Compliance Period or the State Compliance Period (as applicable), and (iv) shall protect, indemnify and hold harmless the Limited Partner and the Partners of the Limited Partner, on an after-tax basis, from any liability, loss or damage incurred by them in connection with recapture of Tax Credits on the sale of the Project or an interest therein by virtue of the exercise of the Option at any time prior to the end of the Compliance Period or the State Compliance Period (as applicable). Without limiting the generality of the foregoing, following any exercise of the Option and/or the State LP Interest Option prior to the end of the Compliance Period or the State Compliance Period (as applicable), the Grantee shall cause the Partnership to comply with all requirements under Section 42 of the Code and HI Rev State §235-110.8 for all buildings in the Project. If, following the exercise of the Option prior to the end of the Compliance Period or the State Compliance Period (as applicable), the Internal Revenue Service (the "IRS") and/or the State of Hawaii Department of Taxation asserts that the low-income housing tax credits or state low-income housing tax credits previously taken by the Partnership will be disallowed or recaptured (except for a disallowance or recapture resulting from a repeal, amendment or modification to Section 42 of the Code, or other applicable section of the Code or the regulations thereunder after the date hereof with which the General Partner is unable to comply despite the exercise good faith and reasonable efforts), Grantee agrees and guarantees that it shall defend, at its sole cost and expense, the Limited Partners and the State Limited Partner (and their affiliates) in any resulting proceedings and, if there is a Final Determination that such low-income housing tax credits or state low-income housing tax credits will be disallowed or recaptured, the Grantee shall reimburse the Limited Partners in an amount that, on an after-tax basis, equals (i) the amount of low-income housing tax credits and/or state low-income housing tax credits disallowed or recaptured and (ii) all associated interest and penalties imposed by the IRS. Notwithstanding anything to the contrary in this Purchase Agreement, the Grantee shall continue to deliver to the Limited Partners until the end of the Compliance Period or the State Compliance Period (as

applicable) (i) an unaudited comparison of the actual results of the operations of the Partnership during the applicable quarter with the projections for such quarter as set forth in the annual budget of the Partnership, including occupancy levels, (ii) information as to any tax credit compliance issues at the Project that could potentially risk a recapture of low-income housing tax credits or the state low-income housing tax credits previously taken by any Limited Partner, and (iii) such other information as any Limited Partner shall reasonably request. Furthermore, in the event that the Option and/or State LP Interest Option is exercised pursuant to this Section 7, the Grantee agrees that (i) it will not sell or further transfer the Project prior to the end of the Compliance Period or the State Compliance Period (as applicable) without the consent of the Limited Partners in their sole and absolute discretion, (ii) it will continue to guaranty the obligations of the Grantee under Section 8.10 of the Agreement through the end of the Compliance Period or the State Compliance Period (as applicable), and (iii) prior to any transfer of the Project under this Section 7 will provide the Limited Partners with a confirmation of its existing guaranty agreement in form and substance acceptable to the Limited Partners. The Grantee's obligations pursuant to this Section 7 shall survive the transfer of the Interests.

8. Determination of Price. Upon notice by Grantee of its intent to exercise an Options and/or State LP Interest Option, the Partnership and Grantee shall exercise best efforts in good faith to agree on the purchase price for the Property or the Partnership Interest or General Partner's Partnership Interest or the State Limited Partner Interest (as applicable). Any such agreement shall be subject to the prior written consent of the Consenting Limited Partner, which shall not be withheld as to any purchase price determined properly in accordance with Section 3 of this Purchase Agreement.

9. Contract and Closing. Upon determination of the purchase price under an Option and/or the State LP Interest Option, the Partnership and Grantee shall enter into a written contract for the purchase and sale of the Property or the Partnership Interest or the General Partner Partnership Interest or the State LP Interest Option (as applicable) in accordance with this Purchase Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project is located, providing for a closing not later than the date specified in Grantee's notice of intent to exercise of the applicable Options and/or State LP Interest Option, or 30 days after the purchase price has been determined, whichever is later. In the absence of any such contract, this Purchase Agreement shall be specifically enforceable upon the exercise of the applicable Options or the State LP Interest Option. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company.

10. Subordination. Notwithstanding any provisions to the contrary, the rights of the Grantee or its designees pursuant to this Agreement shall be subject and subordinate to (a) the lien, security interest and rights of Project Lenders under the Project Loan Documents, (b) all advances and charges made or accruing under the Project Loan documents, and (c) any extensions, modification or renewals of Project Loans.

11. Miscellaneous. This Agreement shall be governed by the laws of the State of Hawaii. This Agreement may be executed by electronic signature and in several counterparts or

counterpart signature pages, which may be delivered electronically and together shall constitute a single agreement.

(continued on next page)

In Witness Whereof, the parties have executed this document as of the date first set forth hereinabove.

Partnership:

KPLR PHASE 1, LP, a Hawaii limited partnership

By: HCDC Kuhio Park 1 LLC, a Hawaii limited liability company, its general partner

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

Grantee:

HCDC KUHIO PARK 1 LLC, a Hawaii limited liability company

By: HCDC Hawaii Development LLC, a Hawaii limited liability company, its manager

By: Highridge Costa Development Company, LLC, a Delaware limited liability company, its manager

By: _____
Name: Mohannad H. Mohanna
Title: President

The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

Consenting Limited Partner:

RBC Community Investments, LLC, an Illinois limited liability company

By: _____

Name: _____

Title: _____

Special Limited Partner:

RBC Community Investments Manager II, Inc., a Delaware corporation

By: _____

Name: _____

Title: _____

Consenting State Limited Partner:

Berkadia Kuhio Park Low-Rise MTE LLC, a Delaware limited liability company

By: Riverside Capital, LLC d/b/a Berkadia Affordable Tax Credit Solutions, its sole member

By: _____

Name: Drew Ries

Title: CFO and COO

EXHIBIT J
TO PARTNERSHIP AGREEMENT
POST-CLOSING AGREEMENT

(attached)

POST-CLOSING AGREEMENT

The General Partner hereby agrees that it shall cause the following items (the “Deliverable Items”) to be delivered to the Limited Partner on or before the dates set forth below, in form and substance acceptable to the Limited Partner. Failure to deliver all of the Deliverable Items set forth below on or before the applicable date shall constitute a violation of a material provision of the Partnership Agreement. Capitalized terms not herein defined shall have the meaning set forth in the Partnership Agreement.

Deliverable Item	Due Date
[TBD]	

**EXHIBIT K
TO PARTNERSHIP AGREEMENT**

CAPITAL CONTRIBUTIONS

I. First Capital Contribution

The First Capital Contribution shall be contributed by the Limited Partner in the amount of \$[8,377,103], by the State Limited Partner in the amount of \$[3,290,698], and shall be paid on the date that the Limited Partner and State Limited Partner have received evidence satisfactory to the Limited Partner and State Limited Partner of the closing of the Tax-Exempt Loan and the RHRF Loan, the Partnership's taking leasehold title to the Land, the Limited Partner's and State Limited Partner's receipt of the documentation to satisfy its due diligence requirements including, without limitation, the local law opinion required pursuant to Section 5.04, which opinion shall include an opinion with respect to the availability of the Property Tax Exemption, all construction Project Loan Documents, the executed Construction Contract and payment and performance bonds in forms acceptable to the Limited Partner and State Limited Partner, the Limited Partner's receipt of the fully executed Ground Lease, the executed AHAP Contract, the Limited Partner's receipt of the fully executed Condominium Governing Documents, evidence that all Partnership insurance required to be maintained hereunder as of the date of Initial Closing has been bound, and countersigned closing instructions from the Title Company. The Limited Partner's First Capital Contribution shall be conditioned upon the State Limited Partner making its First Capital Contribution.

II. Second Capital Contribution

The Second Capital Contribution shall be contributed by the Limited Partner in the amount of \$[4,188,552] and shall be contributed by the State Limited Partner in the amount of \$[1,645,349], and shall be paid on the later of April 1, 2027 or 10 Business Days after the occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and State Limited Partner.

<u>Required Delivery</u>
1. Evidence that 50% Construction Completion has been achieved
(i) AIA Form G702 and G703 accompanied by a cost breakdown of sources and uses, the accuracy of which shall be certified by Partnership
(ii) AIA G704 issued by the Architect and executed by all appropriate parties
(iii) satisfaction or waiver of the physical inspection of the Project by the Special Limited Partner

(iv) delivery and installation of all necessary and appropriate fixtures, equipment and personal property
2. The Limited Partner, the State Limited Partner and the Title Company have received lien waivers or affidavits required by the Title Company to insure that all bills then due and payable for labor and materials used in constructing the Project and all bills due and payable to contractors, subcontractors, laborers, and materialmen have been paid in full, except those bills to be paid with the proceeds of such disbursement
3. Down-dated Title Policy showing no new liens and including such additional endorsements as may be required by the Limited Partner and the State Limited Partner
4. General Partner Certificate in the form attached hereto as Exhibit D.
5. Satisfaction of all unsatisfied conditions to all prior Capital Contributions
6. Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as Exhibit J
7. Such additional documentation as the Limited Partner or State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

III. Third Capital Contribution

The Third Capital Contribution shall be contributed by the Limited Partner in the amount of \$[4,188,552] and shall be contributed by the State Limited Partner in the amount of \$[3,290,698], and shall be paid on the later of October 1, 2027 or 10 Business Days after the occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and State Limited Partner.

<u>Required Delivery</u>
1. Evidence that 75% Construction Completion has been achieved
(i) AIA Form G702 and G703 accompanied by a cost breakdown of sources and uses, the accuracy of which shall be certified by Partnership
(ii) AIA G704 issued by the Architect and executed by all appropriate parties

(iii) satisfaction or waiver of the physical inspection of the Project by the Special Limited Partner
(iv) delivery and installation of all necessary and appropriate fixtures, equipment and personal property
2. The Limited Partner, the State Limited Partner and the Title Company have received lien waivers or affidavits required by the Title Company to insure that all bills then due and payable for labor and materials used in constructing the Project and all bills due and payable to contractors, subcontractors, laborers, and materialmen have been paid in full, except those bills to be paid with the proceeds of such disbursement
3. Down-dated Title Policy showing no new liens and including such additional endorsements as may be required by the Limited Partner and the State Limited Partner
4. General Partner Certificate in the form attached hereto as Exhibit D.
5. Satisfaction of all unsatisfied conditions to all prior Capital Contributions
6. Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as Exhibit J
7. Such additional documentation as the Limited Partner or State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

IV. Fourth Capital Contribution

The Fourth Capital Contribution shall be contributed by the Limited Partner in the amount of \$[8,377,103] and shall be contributed by the State Limited Partner in the amount of \$[3,290,698], and shall be paid on the later of March 1, 2028 or 10 Business Days after the occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and State Limited Partner.

<u>Required Delivery</u>
1. Evidence that 90% Construction Completion has been achieved
(i) AIA Form G702 and G703 accompanied by a cost breakdown of sources and uses, the accuracy of which shall be certified by Partnership

(ii) AIA G704 issued by the Architect and executed by all appropriate parties
(iii) satisfaction or waiver of the physical inspection of the Project by the Special Limited Partner
(iv) delivery and installation of all necessary and appropriate fixtures, equipment and personal property
2. The Limited Partner, the State Limited Partner and the Title Company have received lien waivers or affidavits required by the Title Company to insure that all bills then due and payable for labor and materials used in constructing the Project and all bills due and payable to contractors, subcontractors, laborers, and materialmen have been paid in full, except those bills to be paid with the proceeds of such disbursement
3. Down-dated Title Policy showing no new liens and including such additional endorsements as may be required by the Limited Partner and the State Limited Partner
4. General Partner Certificate in the form attached hereto as <u>Exhibit D.</u>
5. Satisfaction of all unsatisfied conditions to all prior Capital Contributions
6. Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as <u>Exhibit J</u>
7. Such additional documentation as the Limited Partner or State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

V. Fifth Capital Contribution

The Fifth Capital Contribution shall be contributed by the Limited Partner in the amount of \$[14,659,930] and shall be contributed by the State Limited Partner in the amount of \$[5,758,722], and shall be paid on the later of July 1, 2028 or 10 Business Days after the occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and State Limited Partner.

<u>Required Delivery</u>
1. Temporary certificates of occupancy for 100% of the units, if not covered by the temporary certificate of occupancy for the overall Project

2. Receipt and approval of the fully executed HAP Contract
3. The Limited Partner and State Limited Partner shall have received a draft cost certification for the Project prepared by the Accountant
4. The Limited Partner and State Limited Partner shall have received evidence that the Project 50% Test has been met as prepared by the Accountant
5. Evidence that all documents required for submission in order to obtain the Property Tax Exemption have been submitted to the authority granting such exemption
6. Receipt of Property Manager's bound coverage which complies with the Limited Partner's requirements (such coverage must be bound prior to commencement of lease-up activities)
7. The Limited Partner, the State Limited Partner and the Title Company have received lien waivers or affidavits required by the Title Company to insure that all bills then due and payable for labor and materials used in constructing the Project and all bills due and payable to contractors, subcontractors, laborers, and materialmen have been paid in full, except those bills to be paid with the proceeds of such disbursement
8. Down-dated Title Policy showing no new liens and including such additional endorsements as may be required by the Limited Partner and the State Limited Partner
9. General Partner Certificate in the form attached hereto as <u>Exhibit D.</u>
10. Satisfaction of all unsatisfied conditions to all prior Capital Contributions
11. Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as <u>Exhibit J</u>
12. Such additional documentation as the Limited Partner or State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

VI. Sixth Capital Contribution

The Sixth Capital Contribution shall be contributed by the Limited Partner in the amount of \$[43,049,257] and shall be contributed by the State Limited Partner in the amount of \$[16,910,632], and shall be paid on the later of July 1, 2029 or 10 Business Days after the

occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and State Limited Partner.

<u>Required Delivery</u>
1. Evidence of Substantial Completion as noted below:
(i) AIA Form G702 and G703 accompanied by a cost breakdown of sources and uses, the accuracy of which shall be certified by Partnership
(ii) AIA G704 issued by the Architect and executed by all appropriate parties
(iii) satisfaction or waiver of the physical inspection of the Project by the Special Limited Partner
(iv) delivery and installation of all necessary and appropriate fixtures, equipment and personal property
(v) Receipt of final certificates of occupancy for 100% of the units
2. Receipt of Final Construction Documents as noted below:
(i) any permits and license for the operation of the Project
(ii) final sworn statement or affidavit of final construction cost
(iii) copies of any change orders not previously delivered to the Limited Partner
(iv) required insurance certificates with regard to the property manager
(v) evidence of completion of required remediation, if applicable
(vi) final soils report
3. The Limited Partner and State Limited Partner shall have received a final cost certification for the Project prepared by the Accountant
4. Certified as-built ALTA/ACSM standards survey
5. Evidence that all real estate and property taxes due and payable have been paid in full or tax exemptions have been obtained.
6. Payment to Contractor (subject to holdback for punch list items) as evidenced by the Architect's Certificate for Payment Form AIA G702 and AIA G703
7. 97% Qualified Occupancy evidenced by submission to the Limited Partner and State Limited Partner of certified rent rolls and tenant income certification documents
8. Evidence that the Property Tax Exemption is in full force and effect

9.	Delivery of lien waivers for latest draw funded under a Project Loan
10.	Funding of the Operating Reserve and establishment of the Reserve Fund for Replacements
11.	Permanent Loan Conversion, including achievement of Final Closing and the Stabilization Date.
12.	Receipt of copies of Permanent Loan Documents
13.	Receipt of As-Built Plans and Specifications and a list of warranties and maintenance agreements
14.	Down-dated Title Policy showing no new liens and including such additional endorsements as may be required by the Limited Partner and State Limited Partner
15.	General Partner Certificate in the form attached hereto as <u>Exhibit D.</u>
16.	Satisfaction of all unsatisfied conditions to all prior Capital Contributions
17.	Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as <u>Exhibit J</u>
18.	Such additional documentation as the Limited Partner and the State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

VII. Final Capital Contribution

The Final Capital Contribution shall be contributed by the Limited Partner in the amount of \$[930,533] and shall be contributed by the State Limited Partner in the amount of \$[365,533], and shall be paid on the later of October 1, 2029, or 10 Business Days after the occurrence and satisfaction of the following conditions precedent, as determined by the Limited Partner and the State Limited Partner.

<u>Required Delivery</u>	
1.	Receipt of IRS Form(s) 8609 and Hawaii Eligibility Statement, for the entire Project
2.	100% Qualified Occupancy evidenced by submission to the Limited Partner of certified rent rolls and tenant income certification documents
3.	Receipt of the most recent audit and tax returns (final or draft versions)

4.	Recorded and executed Extended Use Agreement
5.	General Partner Certificate in the form attached hereto as Exhibit D ;
6.	The Title Company shall have issued a final “date down” endorsement to the Title Policy extending the date of the Title Policy through the date of final funding of the Project Loans and this Final Capital Contribution (or a new Title Policy in the same form as the Title Policy issued at Initial Closing) and showing no exceptions to title other than those exceptions reflected on the Title Policy as of Initial Closing and other exceptions as may be acceptable to the Limited Partner
7.	Evidence that all real estate and property taxes due and payable have been paid in full or tax exemptions have been obtained.
8.	Satisfaction of all unsatisfied conditions to all prior Capital Contribution;
9.	Review and approval of all documents and/or satisfaction of the conditions precedent as set forth in the post-closing due diligence checklist attached to the Agreement as Exhibit J ; and
10.	Such additional documentation as the Limited Partner and the State Limited Partner may reasonably determines is necessary to confirm that the foregoing requirements have been met

FOR ACTION

- MOTION:** To: **(1)** Adopt Proposed Changes to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2021, Hawaii Administrative Rules, Entitled "Grievance Procedure", As Follows:
- (A) Add a New Subchapter 1.1, Consisting of Sections 17-2021-4 and 17-2025;
 - (B) Amend Section 17-2021-4 to Clarify that Rental Agreements Shall be Terminated Pursuant to Chapter 17-2020, Hawaii Administrative Rules;
 - (C) Adopt Section 17-2021-5 Which (i) Sets Forth the Informal Settlement Process for Grievances Related to a Notice of Proposed Termination of Rental Agreement, (ii) and the Situations in Which it is Not Applicable;
 - (D) Amend Section 17-2021-10 to Clarify a Project Management Office Shall Schedule a Date and Time to Meet with a Tenant to Discuss the Informal Settlement of a Grievance;
 - (E) Delete Section 17-2021-21(d) Which Prohibits the HPHA from Commencing a New Eviction Proceeding Against a Complainant if the Complaint Involves a Notice of Proposed Termination;
 - (F) Repeal Subchapter 4, Entitled "Expedited Grievance Procedures", Which Includes Sections 17-2021-30 to 17-2021-35; and
 - (G) Make Technical, Non-Substantive Changes to Sections 17-2021-2, 17-2021-3, 17-2021-10, 17-2021-11, 17-2021-12, 17-2021-13, 17-2021-20, and 17-2021-21; and
- (2)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Revision of Chapter 17-2021, Hawaii Administrative Rules, Including Making Non-Substantive Revisions to Formatting as May Be Required

* * *

The proposed amendments to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2021, Hawaii Administrative Rules, entitled "Grievance Procedure" may be viewed on the internet on or about September 18, 2025, on the HPHA's website at <https://www.hpha.hawaii.gov/about-the-hpha/hpha-policies-rules/>. The proposed amendments may also be viewed at the HPHA's Main Administrative Office located at 1002 North School Street, Building E, Honolulu, Hawaii 96187, from 7:45 a.m. to 4:30 p.m., Monday through Friday, except holidays. Interested persons may request a copy of the

draft rules be mailed to them by calling (808) 832-4690 or by emailing a request to hpha@hawaii.gov.

I. FACTS

- A. The Hawaii Public Housing Authority's (HPHA) low-income public housing program is governed by a variety of federal, State, and agency statutes and rules found in the United States Code; the Code of Federal Regulations (CFR); Chapter 356D, Hawaii Revised Statutes (HRS); and the Hawaii Administrative Rules (HAR).
- B. Sections 356D-4 and 356D-13, HRS, authorize the HPHA to adopt administrative rules with the force and effect of law to govern its federal programs.
- C. Pursuant to 24 CFR Part 966 Subpart B, a public housing agency (PHA) is required to establish a grievance procedure to assure a tenant is afforded the opportunity for a hearing if the tenant disputes within a reasonable time the PHA's action or failure to act involving the tenant's lease or PHA regulations which adversely affect the individual tenant's rights, duties, welfare, or status.
- D. The grievance procedure must be included or incorporated by reference in a tenant's lease and a copy of the procedure provided to each tenant and resident organization.
- E. The HPHA's grievance procedure is currently found in chapter 17-2021, HAR, and chapter 13 of the Admissions & Continued Occupancy Policy (ACOP).

II. DISCUSSION

- A. The proposed amendments are to clarify that the grievance process for proposed terminations and evictions will be provided by chapter 17-2020, HAR, entitled "Eviction – Practice and Procedure". These changes will eliminate a dual due process hearing procedure (i.e., first holding a grievance hearing, second an eviction hearing) which is not required and is administratively burdensome for HPHA staff.
- B. The specific amendments being proposed are as follows:
 - 1. Adopt a new subchapter 1.1, entitled "Termination of Rental Agreement – Informal Settlement", to include sections 17-2021-4 and 17-2021-5.

2. Amend section 17-2021-4 to clarify that the HPHA shall terminate rental agreements pursuant this section and chapter 17-2020, HAR, which governs the HPHA's eviction proceedings.
3. Adopt section 17-2021-5 which:
 - a. Describes how the HPHA will attempt an informal settlement with a complainant who wishes to grieve a notice of proposed termination of rental agreement. After being notified of a request for an informal settlement meeting, a management office will determine if the grievance is a type of dispute that can be appropriately addressed through the grievance procedure. If it is, the management office will schedule a date and time to discuss the matter with the complainant. If the matter is not informally resolved after the meeting, the management office will provide the complainant with a summary of the informal discussion within five business days.
 - b. Clarifies that an informal settlement will not be held if a tenant received a notice of proposed termination for a serious health or safety violation; criminal activity that threatened the health, safety, or right to peaceful enjoyment of the public housing premises by other residents or HPHA employees, or drug-related criminal activity. In such cases, the notice of proposed termination will inform the tenant an eviction hearing will be held in accordance with chapter 17-2020, HAR.
4. Amend section 17-2021-10 to clarify that a management office will schedule a date and time to meet with a tenant to discuss the informal settlement of a grievance.
5. Delete section 17-2021-21(d) which prohibits the HPHA from commencing a new eviction proceeding against a complainant if the complaint involves a notice of proposed termination.
6. Repeal subchapter 4 which includes sections 17-2021-30 to 17-2021-35 and governs expedited grievance hearings.
7. Make technical, non-substantive changes to sections 17-2021-2, 17-2021-3, 17-2021-10, 17-2021-11, 17-2021-12, 17-2021-13, 17-2021-20, and 17-2021-21 for the purposes of clarity and consistency.

- C. Upon approval by the Board of Directors, the HPHA must request permission from the Governor to take the proposed amendments to a public hearing.
- D. If approved by the Governor, the HPHA must give 30 days' notice to the public before holding the public hearing. The HPHA will also provide notice to all federal public housing tenants and resident organizations pursuant 24 CFR §966.52(c).
- E. The Executive Director may make technical, non-substantive amendments to the proposed draft during the public review and comment period. After the public hearing, the Executive Director will transmit the proposed amendments to the Governor for final approval provided no substantive changes are required. Staff anticipate the following schedule for the approval.

<u>Action</u>	<u>Timeframe</u>
For Action to approve draft amendments	September 11, 2025
Request Governor approval of public hearing	September 12, 2025
Receive Governor's approval	October 3, 2025
Publish hearing notice in newspapers (30-day notice)	October 10, 2025
Public Hearing	November 10, 2025
Final Board approval / transmit to Governor	November 20, 2025
Rules effective	December 18, 2025

- F. If substantive amendments are proposed after the public hearing, the revised rules will be presented to the Board of Directors for additional review and approval.

III. RECOMMENDATION

That the Board of Directors: **(1)** Adopt Proposed Changes to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2021, Hawaii Administrative Rules, Entitled "Grievance Procedure", As Follows:

- (A) Add a New Subchapter 1.1, Consisting of Sections 17-2021-4 and 17-2025;
- (B) Amend Section 17-2021-4 to Clarify that Rental Agreements Shall be Terminated Pursuant to Chapter 17-2020, Hawaii Administrative Rules;
- (C) Adopt Section 17-2021-5 Which (i) Sets Forth the Informal Settlement Process for Grievances Related to a Notice of Proposed Termination of Rental Agreement, (ii) and the Situations in Which it is Not Applicable;
- (D) Amend Section 17-2021-10 to Clarify a Project Management Office Shall Schedule a Date and Time to Meet with a Tenant to Discuss the Informal Settlement of a Grievance;

- (E) Delete Section 17-2021-21(d) Which Prohibits the HPHA from Commencing a New Eviction Proceeding Against a Complainant if the Complaint Involves a Notice of Proposed Termination;
 - (F) Repeal Subchapter 4, Entitled "Expedited Grievance Procedures", Which Includes Sections 17-2021-30 to 17-2021-35; and
 - (G) Make Technical, Non-Substantive Changes to Sections 17-2021-2, 17-2021-3, 17-2021-10, 17-2021-11, 17-2021-12, 17-2021-13, 17-2021-20, and 17-2021-21; and
- (2)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Revision of Chapter 17-2021, Hawaii Administrative Rules, Including Making Non-Substantive Revisions to Formatting as May Be Required

Attachment A: Proposed Draft of Chapter 17-2021, HAR, in Ramseyer Format
Attachment B: Proposed Draft of Chapter 17-2021, HAR, in Standard Format

Prepared by: Benjamin Park, Chief Planner 

Approved by the Board of Directors
on the date set forth above
☒ As Presented [] As Amended



Robert J. Hall, Chairperson

DEPARTMENT OF HUMAN SERVICES

Amendment and Compilation of Chapter 17-2021
Hawaii Administrative Rules

[DATE]

1. Chapter 17-2021, Hawaii Administrative Rules, entitled "Grievance Procedure", is amended and compiled to read as follows:

"HAWAII ADMINISTRATIVE RULES

TITLE 17

DEPARTMENT OF HUMAN SERVICES

SUBTITLE 5

HAWAII PUBLIC HOUSING AUTHORITY

CHAPTER 2021

GRIEVANCE PROCEDURE

Subchapter 1 General Provisions

§17-2021-1	Purpose
§17-2021-2	Applicability
§17-2021-3	Definitions

Subchapter 1.1 Termination of Rental Agreement -
Informal Settlement

§17-2021-4 Termination of rental agreement
procedure

§17-2021-5 Informal settlement procedure

~~§§17-2021-6 to 17-2021-9~~ (Reserved)

Subchapter 2 Pre-Hearing Procedure

§17-2021-10 Informal settlement of grievances

§17-2021-11 Request for hearing

§17-2021-12 Selection of hearing officer

§17-2021-13 Escrow deposit

§17-2021-14 Scheduling of hearings

~~§§17-2021-15 to 17-2021-19~~ (Reserved)

Subchapter 3 Hearing Procedure

§17-2021-20 Procedures governing the hearing

§17-2021-21 Decision of the hearing officer

~~§§17-2021-22 to 17-2021-29~~ (Reserved)

~~[Subchapter 4 Expedited Grievance Procedure~~

~~§17-2021-30 Applicability~~

~~§17-2021-31 Request for hearing — expedited
grievance~~

~~§17-2021-32 Selection of hearing officer —
expedited grievance~~

~~§17-2021-33 Failure to request a hearing —
expedited grievance~~

~~§17-2021-34 Scheduling of hearings — expedited
grievance~~

~~§17-2021-35 Decision of the hearing officer]~~

Historical Note: This chapter is substantially based upon chapter 17-502 [Eff 01/01/81; am and comp 05/26/98; R 10/25/99] and chapter 15-183 [Eff 02/25/02; R 08/05/05]

SUBCHAPTER 1

GENERAL PROVISIONS

§17-2021-1 Purpose. These rules shall govern the practice and procedure for hearing a grievance presented by a tenant of a federally assisted public housing project to the Hawaii public housing authority. [Eff 08/05/05; am and comp 06/14/12; comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4)

§17-2021-2 Applicability. (a) [~~The grievance procedure~~] This chapter shall be applicable to all individual grievances as defined in section 17-2021-3 between the tenant of [~~the~~] a federally assisted public housing [~~projects~~] project and the authority, except as provided below.

(b) The grievance procedure shall not be applicable to disputes between tenants not involving the authority, or class grievances. This procedure shall not be used as a forum for initiating or negotiating policy changes between tenants and the authority.

(c) All grievances involving an act or omission of the authority relating to a rental agreement shall be commenced within ten (10) business days of such act or omission.

(d) All grievances involving the authority's rules shall be commenced within ten (10) business days of an act or omission based on such rule.

(e) The failure to timely request such a hearing within the prescribed limits shall preclude any request for a grievance hearing from occurring unless waived in writing by the authority.

(f) The grievance procedure set forth in these rules shall not apply to state-aided public housing

projects[, ~~which include the projects of Hauiki, Puahala, Lokahi, Kawailehua (State), Kahale Mua (State), Kekumu Elua, Hale Po'ai, Halia Hale, Kamalu Ho'lulu, and Lai'ola~~].

(g) The failure to resolve a grievance under section 17-2021-4 shall result in further proceedings under chapter 17-2020.

~~[(g)]~~(h) The grievance procedure shall not apply to any decision and order of eviction made pursuant to chapter 17-2020.

~~[(h)]~~(i) If there is a conflict between subsection (f) and any other rule, subsection (f) shall control.

~~[(i)]~~(j) If there is a conflict between subsection ~~[(g)]~~ (h) and any other rule, subsection (h) shall control. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §§356D-4, 356D-16) (Imp: 24 C.F.R. §966.51; HRS §356D-4)

§17-2021-3 Definitions. Whenever used in this chapter, unless specifically defined:

"Authority" means the Hawaii public housing authority.

"Complainant" means any tenant whose grievance is presented to the ~~[corporation]~~ authority or at the project management office.

"Drug-related criminal activity" means the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, or use the drug.

"Federally assisted public housing project" means a low-income federally assisted public housing project as established by the United States Housing Act of 1937, as amended.

"Grievance" means any dispute which a tenant may have with respect to the authority's action or failure to act in accordance with the individual tenant's rental agreement or the authority's rules which adversely affect the individual tenant's rights,

duties, welfare, or status.

"Hearing officer" means a person selected in accordance with sections 17-2021-12 and 17-2021-32 to hear grievances and render a decision with respect thereto.

"Tenant" means the lessee or the remaining head of household of any family residing in the authority's federally assisted public housing projects. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §§356D-4, 356D-16) (Imp: 24 CFR §966.53; HRS §§356D-4, 356D-44)

SUBCHAPTER 1.1

TERMINATION OF RENTAL AGREEMENT - INFORMAL SETTLEMENT

§17-2021-4 Termination of rental agreement procedure [based on Public Law 104-120]. (a) [The authority may also terminate a]Termination of rental agreement shall be pursuant to [42 U.S.C. §1437 as it existed on October 3, 2011] this section and chapter 17-2020. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 42 U.S.C. §1437; Pub. L. 104-120; HRS §§356D-4, 356D-16, 356D-98) (Imp: HRS §356D-92)

§17-2021-5 Informal settlement procedure. (a) Any request for an informal settlement meeting regarding a notice of proposed termination of rental agreement shall be personally presented, either orally or in writing, by the tenant to the project office of the project in which the tenant resides within ten (10) business days of receipt of the notice. At the time of the personal presentation, the complainant must explicitly notify the project office that the tenant is invoking the grievance procedure.

(b) The project office shall set a date and time to meet to discuss informal settlement of the grievance with the tenant.

(c) If the project office and tenant agree to a resolution, the agreement shall be set forth in writing and the proposed termination of the rental agreement shall be rescinded.

(d) If the matter is not informally resolved as provided in subsection (c), a summary of such discussion shall be prepared by the project management within five (5) business days of the meeting and a copy shall be delivered to the tenant. The summary shall specify the names of the participants, dates of

meeting, the nature of the proposed disposition of the complaint and the specific reasons therefor, and shall inform the tenant that a hearing on the proposed termination of the rental agreement shall be conducted under chapter 17-2020.

(e) The informal settlement pursuant to subsection (a) is not applicable for any notice of proposed termination of rental agreement that involves:

- (1) Any violations that threaten the health or safety of the other residents or the authority's employees or representatives;
- (2) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the authority's public housing premises by other residents or employees of the authority; or
- (3) Any drug-related criminal activity on or near such premises.

In such cases, the notice of proposed termination shall inform the tenant that a hearing on the proposed termination of the rental agreement shall be conducted under chapter 17-2020. [Eff and comp]

(Auth: 42 U.S.C. §1437; Pub. L. 104-120; HRS §§356D-4, 356D-16, 356D-98) (Imp: HRS §356D-92)

§§17-2021-7 to 17-2021-9 (Reserved)

SUBCHAPTER 2

PRE-HEARING PROCEDURE

§17-2021-10 Informal settlement of grievances.

(a) Any grievance shall be personally presented, either orally or in writing, to the project office of the project in which the complainant resides as a condition ~~[precedent]~~ to a hearing under this chapter. At the time of the personal presentation, the complainant must explicitly notify the project office that the tenant is invoking the grievance procedure.

(b) The project office shall set a date and time to meet to discuss informal settlement of the grievance with the tenant.

(c) If the project office and tenant agree to a resolution, the agreement shall be set forth in writing~~[7]~~ and the grievance shall be terminated.

~~[(b)]~~(d) If the matter is not informally resolved as provided in subsection ~~[(a)]~~(c), a summary of such discussion shall be prepared within five (5) business days of the meeting and ~~[one]~~a copy shall be ~~[given]~~delivered to the tenant. The summary shall specify the names of the participants, dates of meeting, the nature of the proposed disposition of the complaint and the specific reasons therefor, and shall specify the procedures by which a hearing under this chapter may be obtained if the complainant is not satisfied. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.54; HRS §356D-4)

§17-2021-11 Request for hearing. (a) The complainant shall submit a written request for a hearing to the authority's project office within ten (10) business days after receipt of the summary of discussion pursuant to section 17-2021-10. The

written request shall specify:

- (1) The reasons for the grievance; and
- (2) The action or relief sought.

(b) If the complainant does not request a hearing in accordance with subsection (a), the authority's disposition of the grievance following the informal settlement shall become final. Failure to request a hearing shall not constitute a waiver by the complainant of the complainant's right thereafter to contest the authority's action in disposing of the complaint in an appropriate judicial proceeding.

(c) If the complainant shows good cause for failing to ~~[proceed in accordance with the informal procedure to the hearing officer]~~ request an informal hearing in accordance with subsection (a), compliance with the [provision] provisions of subsection (a) may be waived by the hearing officer in writing with specific reasons given. If the authority and tenant instead agree to a resolution, in writing, the grievance shall be terminated. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§17-2021-12 Selection of hearing officer. (a) A grievance hearing shall be conducted by an impartial person or persons appointed by the authority after consultation with ~~[resident]~~ tenant organizations, as described below:

- (1) The authority and ~~[resident]~~ tenant organizations shall nominate a slate of impartial persons to sit as hearing officers. Such persons may include authority board members, authority staff members, tenants in compliance with the lease agreement, professional arbitrators or mediators, or others. The initial slate of nominees shall consist of not more than twenty (20) persons, of whom at least two (2) shall be from each county.

- (2) The authority will check with each nominee to determine whether there is an interest in serving as a hearing officer, whether the nominee feels fully capable of impartiality, whether the nominee can serve without compensation, and what limitations on the nominee's time would affect such service.
- (3) Nominees who are not interested in serving as hearing officers or whose time is too limited to make service practical will be withdrawn and other names will be substituted.
- (b) The slate of potential hearing officers shall be submitted to the [~~resident~~] tenant organizations. Written comments from the organizations shall be considered by the authority.
- (c) The authority shall appoint the final list of nominees as hearing officers. The final list of hearing officers shall be provided to the [~~resident~~] tenant organizations. The authority shall contact the hearing officers in random order to request their participation as hearing officers.
- (d) After the hearing officer is selected, said hearing officer shall promptly inform the authority in the event that there may be a conflict of interest issue. The hearing officer shall be disqualified if the conflict raised prevents them from serving impartially.
- (e) "Conflict of interest" or "conflict" includes the following:
 - (1) The hearing officer is related by blood or marriage to the complainant;
 - (2) The hearing officer has a documented history of personal conflict with the complainant or the authority; or
 - (3) The hearing officer has some personal or financial interest in common with the complainant or the authority.
- (f) The authority shall review the list of hearing officers annually to determine whether new nominees are required. New nominees shall be selected in accordance with section 17-2021-12(a)(1). [Eff

08/05/05; am and comp 06/14/12; am and
comp] (Auth: 24 C.F.R. §§966.52,
966.55; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS
§356D-4)

§17-2021-13 Escrow deposit. (a) Concurrent with filing a request for hearing pursuant to section 17-2021-11, and before a hearing is scheduled in any grievance, the complainant shall pay to the authority the ~~the [full amount of rent due and payable as of the first of the month and the]~~ full amount of rent for the current month. The complainant shall thereafter make a timely deposit of the amount of the monthly rent ~~[monthly]~~ due to the authority until the complaint is resolved by decision of the hearing officer. If the dispute involves the amount of rent which the authority claims is due, the complainant shall specify what portion of the current rent is in dispute and the reasons therefor. The authority shall hold the rent amount in dispute until the disposition of the grievance is final.

(b) The requirements in subsection (a) may be waived by the authority for good cause shown by the ~~[tenant]~~ complainant to the authority, and unless so waived, the failure to make the payments shall result in a termination of the grievance procedure, provided that failure to make the payments shall not constitute a waiver of any right the complainant may have to contest the authority's disposition of the complainant's grievance in any appropriate judicial proceeding. Such waivers shall be in writing with reasons therefore given. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§17-2021-14 Scheduling of hearings. Upon complainant's compliance with sections 17-2021-11 and

17-2021-13, and selection of a hearing officer pursuant to section 17-2021-12, a hearing shall be scheduled promptly by the hearing officer for a time and place reasonably convenient to both the complainant and the authority. A written notification specifying the time, place, and procedures governing the hearing shall be delivered to the complainant and the appropriate official of the authority. [Eff 08/05/05; am and comp 06/14/12; comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§§17-2021-15 to 17-2021-19 (Reserved)

SUBCHAPTER 3

HEARING PROCEDURE

§17-2021-20 Procedures governing the hearing.

(a) The hearing shall be held before a hearing officer.

(b) The complainant shall be afforded a fair hearing ~~[providing]~~ that provides the basic safeguards of due process which shall include:

- (1) The opportunity to examine before the hearing and, at the expense of the complainant, to copy all documents, records, and rules of the authority that are relevant to the hearing. Any document not made available after request with reasonable notice by the complainant may not be relied on by the authority at the hearing;
- (2) The right to be represented by counsel or other person chosen as the complainant's representative;
- (3) The right to a private hearing unless the complainant requests a public hearing;
- (4) The right to present evidence and arguments in support of the complaint, to controvert evidence relied on by project management, and to confront and cross-examine all witnesses on whose testimony or information the project management relies; and
- (5) A decision based solely and exclusively upon the facts presented at the hearing.

(c) The hearing officer may render a decision without proceeding with the hearing if the hearing officer determines that the issue has been previously decided in another proceeding.

(d) If the complainant or the authority fails to appear at the hearing, the hearing officer may make a determination to postpone the hearing for a period not to exceed five (5) business days or may make a

determination that the party has waived ~~[the party]~~ their right to a hearing. Both the complainant and the authority shall be notified of the determination by the hearing officer, provided that a determination that the complainant has waived the complainant's right to a hearing shall not constitute a waiver of any right the complainant may have to contest the authority's disposition of the grievance in an appropriate judicial proceeding.

(e) The complainant must first show that ~~[the complainant is]~~ they are entitled to the relief sought and thereafter the authority must sustain the burden of justifying the authority's action or failure to act against which the complaint is directed.

(f) The hearing shall be conducted informally by the hearing officer, and oral or documentary evidence pertinent to the facts and issues raised by the complaint may be received without regard to admissibility under the rules of evidence applicable to judicial proceedings. The hearing officer shall require the authority, the complainant, counsel, and other participants or spectators to conduct themselves in orderly fashion. Failure to comply with the directions of the hearing officer to ~~[obtain]~~ maintain order may result in exclusion from the proceedings or in a decision adverse to the interests of the disorderly party and granting or denial of the relief sought, as appropriate.

(g) The complainant or the authority may arrange, in advance and at the expense of the party making the arrangement, for a transcript of the hearing. Any interested party may purchase a copy of the transcript. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.56; HRS §356D-4)

§17-2021-21 Decision of the hearing officer.

(a) The hearing officer shall prepare a written decision, together with the reasons therefor, within

ten (10) business days after the hearing. A copy of the decision shall be ~~[sent]~~ delivered to the complainant and the authority. A copy of the decision with all names and identifying references ~~[deleted]~~ redacted, shall also be maintained on file by the authority and made available for inspection by a prospective complainant, the complainant's representative, or the hearing officer.

(b) The decision of the hearing officer shall be binding on the authority which shall take all actions or refrain from any action necessary to carry out the decision unless the authority determines within ten (10) business days of the written decision, and promptly notifies the complainant of its determination, that:

- (1) The grievance does not concern the authority's action or failure to act in accordance with or involving the complainant's rental agreement or the authority's rules, which adversely affect the complainant's rights, duties, welfare, or status; or
- (2) The decision of the hearing officer is contrary to applicable federal, state, or local law, Department of Housing and Urban Development regulations, or requirements of the annual contributions contract between Department of Housing and Urban Development and the authority.

(c) A decision by the hearing officer or authority in favor of the authority or which denies relief requested by the complainant in whole or in part shall not constitute a waiver of, nor affect in any manner whatever, any rights the complainant may have to an administrative proceeding or judicial review in judicial proceedings, which may thereafter be brought in the matter.

~~[(d) If the complainant has requested a hearing on a complaint involving the authority's notice of proposed termination of the tenancy and the hearing officer upholds the authority's action to terminate the tenancy, the authority shall not commence a new~~

~~eviction proceeding until it has served a notice to vacate on the complainant. In no event shall the notice to vacate be issued prior to the decision of the hearing officer having been mailed or delivered to the complainant. The notice to vacate shall be in writing and shall specify that if the complainant fails to quit the premises within the applicable statutory period, or on the termination date stated in the notice of termination, whichever is later, appropriate action will be brought against the complainant and the complainant may be required to pay court cost and attorney fees. Unless so determined in the hearing, this section (d) shall not affect the validity and effectiveness of an existing eviction proceeding, notice of proposed termination, notice to vacate, and other notices served on the complainant by the authority prior to the complainant's actual submission of a written request for hearing pursuant to section 17-2021-11.] [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.57; HRS §§356D-4, 356D-96, 356D-97)~~

§§17-2021-22 to 17-2021-29 (Reserved)

~~[SUBCHAPTER 4]~~

~~[EXPEDITED GRIEVANCE PROCEDURES]~~

~~[§17-2021-30 Applicability. (a) The expedited grievance procedure is established for any grievance concerning a proposed termination of tenancy that involves:~~

- ~~(1) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the authority's public housing premises by other residents or employees of the authority, or~~
- ~~(2) Any drug-related criminal activity on or near such premises.~~

~~(b) The informal settlement of grievances pursuant to section 17-2021-10 is not applicable under the expedited grievance procedure.] [Eff 08/05/05; am and comp 06/14/12; R] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)~~

~~[§17-2021-31 Request for hearing — expedited grievance. The complainant shall submit a written request for grievance hearing to the project office within five business days from the date of the written notice of violation from management. The written request shall specify:~~

- ~~(1) The reasons for the grievance; and~~
- ~~(2) The action or relief sought.] [Eff 08/05/05; am and comp 06/14/12; R] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)~~

~~[§17-2021-32 Selection of hearing officer expedited grievance. The hearing officer shall be selected as described in section 17-2021-12.] [Eff 08/05/05; am and comp 06/14/12; R] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)~~

~~[§17-2021-33 Failure to request a hearing expedited grievance. If the complainant does not request a grievance hearing as set forth under this expedited grievance procedure, then the authority's disposition of the grievance shall become final, provided that failure to request a grievance hearing shall not constitute a waiver of the complainant's right to contest the authority's disposition of the grievance in a court of competent jurisdiction.] [Eff 08/05/05; am and comp 06/14/12; R] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)~~

~~[§17-2021-34 Scheduling of hearings expedited grievance. Once the complainant has requested a grievance hearing under this section, the hearing officer shall promptly schedule a hearing for a time and place reasonably convenient to both the complainant and the authority. A written notification specifying the time, place, and procedures governing the hearing shall be delivered to the complainant and the authority.] [Eff 08/05/05; am and comp 06/14/12; R] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)~~

~~[§17-2021-35 Decision of the hearing officer expedited grievance. The decision of the hearing officer shall be in accordance with section 17-2021-21.] [Eff 08/05/05; am and comp 06/14/12;~~

R] (Auth: 24 C.F.R. §966.52; HRS
§356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

2. Material, except source notes and other notes, to be repealed is bracketed and stricken. New material is underscored.

3. Additions to update source notes and other notes to reflect these amendments and compilation are not underscored.

4. These amendments to and compilation of chapter 17-2021, Hawaii Administrative Rules, shall take effect ten days after filing with the Office of the Lieutenant Governor.

I certify that the foregoing are copies of the rules drafted in Ramseyer format pursuant to the requirements of section 91-4.1, Hawaii Revised Statutes, which were adopted on [DATE], and filed with the Office of the Lieutenant Governor.

Robert Hall, Chairperson
Board of Directors
Hawaii Public Housing Authority

APPROVED AS TO FORM:

Deputy Attorney General

DEPARTMENT OF HUMAN SERVICES

Amendment and Compilation of Chapter 17-2021
Hawaii Administrative Rules

[DATE]

SUMMARY

1. §§17-2021-2 to 17-2021-4 are amended.
2. A new subchapter 1.1, consisting of §§17-2021-4 to 17-2021-5, is added.
3. §§17-2021-10 to 17-2021-13 are amended.
4. §§17-2021-20 to 17-2021-21 are amended.
5. Subchapter 4, consisting of §§17-2021-30 to 17-2021-35, is repealed.
6. Chapter 2021 is compiled.

HAWAII ADMINISTRATIVE RULES

TITLE 17

DEPARTMENT OF HUMAN SERVICES

SUBTITLE 5

HAWAII PUBLIC HOUSING AUTHORITY

CHAPTER 2021

GRIEVANCE PROCEDURE

Subchapter 1 General Provisions

- §17-2021-1 Purpose
- §17-2021-2 Applicability
- §17-2021-3 Definitions

Subchapter 1.1 Termination of Rental Agreement –
Informal Settlement

- §17-2021-4 Termination of rental agreement
procedure
- §17-2021-5 Informal settlement procedure
- §§17-2021-6 to 17-2021-9 (Reserved)

Subchapter 2 Pre-Hearing Procedure

- §17-2021-10 Informal settlement of grievances
- §17-2021-11 Request for hearing

§17-2021-12 Selection of hearing officer
§17-2021-13 Escrow deposit
§17-2021-14 Scheduling of hearings
§§17-2021-15 to 17-2021-19 (Reserved)

Subchapter 3 Hearing Procedure

§17-2021-20 Procedures governing the hearing
§17-2021-21 Decision of the hearing officer
§§17-2021-22 to 17-2021-29 (Reserved)

Subchapter 4 Expedited Grievance Procedure - Repealed

§§17-2021-30 to 17-2021-35 Repealed

Historical Note: This chapter is substantially based upon chapter 17-502 [Eff 01/01/81; am and comp 05/26/98; R 10/25/99] and chapter 15-183 [Eff 02/25/02; R 08/05/05]

SUBCHAPTER 1

GENERAL PROVISIONS

§17-2021-1 Purpose. These rules shall govern the practice and procedure for hearing a grievance presented by a tenant of a federally assisted public housing project to the Hawaii public housing authority. [Eff 08/05/05; am and comp 06/14/12; comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4)

§17-2021-2 Applicability. (a) This chapter shall be applicable to all individual grievances as defined in section 17-2021-3 between the tenant of a federally assisted public housing project and the authority, except as provided below.

(b) The grievance procedure shall not be applicable to disputes between tenants not involving the authority, or class grievances. This procedure shall not be used as a forum for initiating or negotiating policy changes between tenants and the authority.

(c) All grievances involving an act or omission of the authority relating to a rental agreement shall be commenced within ten (10) business days of such act or omission.

(d) All grievances involving the authority's rules shall be commenced within ten (10) business days of an act or omission based on such rule.

(e) The failure to timely request such a hearing within the prescribed limits shall preclude any request for a grievance hearing from occurring unless waived in writing by the authority.

(f) The grievance procedure set forth in these rules shall not apply to state-aided public housing projects.

(g) The failure to resolve a grievance under section 17-2021-4 shall result in further proceedings under chapter 17-2020.

(h) The grievance procedure shall not apply to any decision and order of eviction made pursuant to chapter 17-2020.

(i) If there is a conflict between subsection (f) and any other rule, subsection (f) shall control.

(j) If there is a conflict between subsection (h) and any other rule, subsection (h) shall control.
[Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §§356D-4, 356D-16) (Imp: 24 C.F.R. §966.51; HRS §356D-4)

§17-2021-3 Definitions. Whenever used in this chapter, unless specifically defined:

"Authority" means the Hawaii public housing authority.

"Complainant" means any tenant whose grievance is presented to the authority or at the project management office.

"Drug-related criminal activity" means the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, or use the drug.

"Federally assisted public housing project" means a low-income federally assisted public housing project as established by the United States Housing Act of 1937, as amended.

"Grievance" means any dispute which a tenant may have with respect to the authority's action or failure to act in accordance with the individual tenant's rental agreement or the authority's rules which adversely affect the individual tenant's rights, duties, welfare, or status.

"Hearing officer" means a person selected in accordance with sections 17-2021-12 and 17-2021-32 to hear grievances and render a decision with respect thereto.

"Tenant" means the lessee or the remaining head of household of any family residing in the authority's federally assisted public housing projects. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §§356D-4, 356D-16) (Imp: 24 CFR §966.53; HRS §§356D-4, 356D-44)

SUBCHAPTER 1.1

TERMINATION OF RENTAL AGREEMENT - INFORMAL SETTLEMENT

§17-2021-4 Termination of rental agreement procedure. (a) Termination of rental agreement shall be pursuant to this section and chapter 17-2020. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 42 U.S.C. §1437; Pub. L. 104-120; HRS §§356D-4, 356D-16, 356D-98) (Imp: HRS §356D-92)

§17-2021-5 Informal settlement procedure. (a) Any request for an informal settlement meeting regarding a notice of proposed termination of rental agreement shall be personally presented, either orally or in writing, by the tenant to the project office of the project in which the tenant resides within ten (10) business days of receipt of the notice. At the time of the personal presentation, the complainant must explicitly notify the project office that the tenant is invoking the grievance procedure.

(b) The project office shall set a date and time to meet to discuss informal settlement of the grievance with the tenant.

(c) If the project office and tenant agree to a resolution, the agreement shall be set forth in writing and the proposed termination of the rental agreement shall be rescinded.

(d) If the matter is not informally resolved as provided in subsection (c), a summary of such discussion shall be prepared by the project management within five (5) business days of the meeting and a copy shall be delivered to the tenant. The summary shall specify the names of the participants, dates of meeting, the nature of the proposed disposition of the complaint and the specific reasons therefor, and shall

inform the tenant that a hearing on the proposed termination of the rental agreement shall be conducted under chapter 17-2020.

(e) The informal settlement pursuant to subsection (a) is not applicable for any notice of proposed termination of rental agreement that involves:

- (1) Any violations that threaten the health or safety of the other residents or the authority's employees or representatives;
- (2) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the authority's public housing premises by other residents or employees of the authority; or
- (3) Any drug-related criminal activity on or near such premises.

In such cases, the notice of proposed termination shall inform the tenant that a hearing on the proposed termination of the rental agreement shall be conducted under chapter 17-2020. [Eff and comp]

(Auth: 42 U.S.C. §1437; Pub. L. 104-120; HRS §§356D-4, 356D-16, 356D-98) (Imp: HRS §356D-92)

§§17-2021-7 to 17-2021-9 (Reserved)

SUBCHAPTER 2

PRE-HEARING PROCEDURE

§17-2021-10 Informal settlement of grievances.

(a) Any grievance shall be personally presented, either orally or in writing, to the project office of the project in which the complainant resides as a condition to a hearing under this chapter. At the time of the personal presentation, the complainant must explicitly notify the project office that the tenant is invoking the grievance procedure.

(b) The project office shall set a date and time to meet to discuss informal settlement of the grievance with the tenant.

(c) If the project office and tenant agree to a resolution, the agreement shall be set forth in writing and the grievance shall be terminated.

(d) If the matter is not informally resolved as provided in subsection (c), a summary of such discussion shall be prepared within five (5) business days of the meeting and a copy shall be delivered to the tenant. The summary shall specify the names of the participants, dates of meeting, the nature of the proposed disposition of the complaint and the specific reasons therefor, and shall specify the procedures by which a hearing under this chapter may be obtained if the complainant is not satisfied. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.54; HRS §356D-4)

§17-2021-11 Request for hearing. (a) The complainant shall submit a written request for a hearing to the authority's project office within ten (10) business days after receipt of the summary of discussion pursuant to section 17-2021-10. The

written request shall specify:

- (1) The reasons for the grievance; and
- (2) The action or relief sought.

(b) If the complainant does not request a hearing in accordance with subsection (a), the authority's disposition of the grievance following the informal settlement shall become final. Failure to request a hearing shall not constitute a waiver by the complainant of the complainant's right thereafter to contest the authority's action in disposing of the complaint in an appropriate judicial proceeding.

(c) If the complainant shows good cause for failing to request an informal hearing in accordance with subsection (a), compliance with the provisions of subsection (a) may be waived by the hearing officer in writing with specific reasons given. If the authority and tenant instead agree to a resolution, in writing, the grievance shall be terminated. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§17-2021-12 Selection of hearing officer. (a)

A grievance hearing shall be conducted by an impartial person or persons appointed by the authority after consultation with tenant organizations, as described below:

- (1) The authority and tenant organizations shall nominate a slate of impartial persons to sit as hearing officers. Such persons may include authority board members, authority staff members, tenants in compliance with the lease agreement, professional arbitrators or mediators, or others. The initial slate of nominees shall consist of not more than twenty (20) persons, of whom at least two (2) shall be from each county.
- (2) The authority will check with each nominee to determine whether there is an interest in serving as a hearing officer, whether the

nominee feels fully capable of impartiality, whether the nominee can serve without compensation, and what limitations on the nominee's time would affect such service.

- (3) Nominees who are not interested in serving as hearing officers or whose time is too limited to make service practical will be withdrawn and other names will be substituted.

(b) The slate of potential hearing officers shall be submitted to the tenant organizations. Written comments from the organizations shall be considered by the authority.

(c) The authority shall appoint the final list of nominees as hearing officers. The final list of hearing officers shall be provided to the tenant organizations. The authority shall contact the hearing officers in random order to request their participation as hearing officers.

(d) After the hearing officer is selected, said hearing officer shall promptly inform the authority in the event that there may be a conflict of interest issue. The hearing officer shall be disqualified if the conflict raised prevents them from serving impartially.

(e) "Conflict of interest" or "conflict" includes the following:

- (1) The hearing officer is related by blood or marriage to the complainant;
- (2) The hearing officer has a documented history of personal conflict with the complainant or the authority; or
- (3) The hearing officer has some personal or financial interest in common with the complainant or the authority.

(f) The authority shall review the list of hearing officers annually to determine whether new nominees are required. New nominees shall be selected in accordance with section 17-2021-12(a)(1). [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §§966.52, 966.55; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§17-2021-13 Escrow deposit. (a) Concurrent with filing a request for hearing pursuant to section 17-2021-11, and before a hearing is scheduled in any grievance, the complainant shall pay to the authority the full amount of rent for the current month. The complainant shall thereafter make a timely deposit of the amount of the monthly rent due to the authority until the complaint is resolved by decision of the hearing officer. If the dispute involves the amount of rent which the authority claims is due, the complainant shall specify what portion of the current rent is in dispute and the reasons therefor. The authority shall hold the rent amount in dispute until the disposition of the grievance is final.

(b) The requirements in subsection (a) may be waived by the authority for good cause shown by the complainant to the authority, and unless so waived, the failure to make the payments shall result in a termination of the grievance procedure, provided that failure to make the payments shall not constitute a waiver of any right the complainant may have to contest the authority's disposition of the complainant's grievance in any appropriate judicial proceeding. Such waivers shall be in writing with reasons therefore given. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.55; HRS §356D-4)

§17-2021-14 Scheduling of hearings. Upon complainant's compliance with sections 17-2021-11 and 17-2021-13, and selection of a hearing officer pursuant to section 17-2021-12, a hearing shall be scheduled promptly by the hearing officer for a time and place reasonably convenient to both the complainant and the authority. A written notification specifying the time, place, and procedures governing

the hearing shall be delivered to the complainant and
the appropriate official of the authority. [Eff
08/05/05; am and comp 06/14/12; comp]
(Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24
C.F.R. §966.55; HRS §356D-4)

§§17-2021-15 to 17-2021-19 (Reserved)

SUBCHAPTER 3

HEARING PROCEDURE

§17-2021-20 Procedures governing the hearing.

(a) The hearing shall be held before a hearing officer.

(b) The complainant shall be afforded a fair hearing that provides the basic safeguards of due process which shall include:

- (1) The opportunity to examine before the hearing and, at the expense of the complainant, to copy all documents, records, and rules of the authority that are relevant to the hearing. Any document not made available after request with reasonable notice by the complainant may not be relied on by the authority at the hearing;
- (2) The right to be represented by counsel or other person chosen as the complainant's representative;
- (3) The right to a private hearing unless the complainant requests a public hearing;
- (4) The right to present evidence and arguments in support of the complaint, to controvert evidence relied on by project management, and to confront and cross-examine all witnesses on whose testimony or information the project management relies; and
- (5) A decision based solely and exclusively upon the facts presented at the hearing.

(c) The hearing officer may render a decision without proceeding with the hearing if the hearing officer determines that the issue has been previously decided in another proceeding.

(d) If the complainant or the authority fails to appear at the hearing, the hearing officer may make a determination to postpone the hearing for a period not to exceed five (5) business days or may make a

determination that the party has waived their right to a hearing. Both the complainant and the authority shall be notified of the determination by the hearing officer, provided that a determination that the complainant has waived the complainant's right to a hearing shall not constitute a waiver of any right the complainant may have to contest the authority's disposition of the grievance in an appropriate judicial proceeding.

(e) The complainant must first show that they are entitled to the relief sought and thereafter the authority must sustain the burden of justifying the authority's action or failure to act against which the complaint is directed.

(f) The hearing shall be conducted informally by the hearing officer, and oral or documentary evidence pertinent to the facts and issues raised by the complaint may be received without regard to admissibility under the rules of evidence applicable to judicial proceedings. The hearing officer shall require the authority, the complainant, counsel, and other participants or spectators to conduct themselves in orderly fashion. Failure to comply with the directions of the hearing officer to maintain order may result in exclusion from the proceedings or in a decision adverse to the interests of the disorderly party and granting or denial of the relief sought, as appropriate.

(g) The complainant or the authority may arrange, in advance and at the expense of the party making the arrangement, for a transcript of the hearing. Any interested party may purchase a copy of the transcript. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.56; HRS §356D-4)

§17-2021-21 Decision of the hearing officer.

(a) The hearing officer shall prepare a written decision, together with the reasons therefor, within

ten (10) business days after the hearing. A copy of the decision shall be delivered to the complainant and the authority. A copy of the decision with all names and identifying references redacted, shall also be maintained on file by the authority and made available for inspection by a prospective complainant, the complainant's representative, or the hearing officer.

(b) The decision of the hearing officer shall be binding on the authority which shall take all actions or refrain from any action necessary to carry out the decision unless the authority determines within ten (10) business days of the written decision, and promptly notifies the complainant of its determination, that:

- (1) The grievance does not concern the authority's action or failure to act in accordance with or involving the complainant's rental agreement or the authority's rules, which adversely affect the complainant's rights, duties, welfare, or status; or
- (2) The decision of the hearing officer is contrary to applicable federal, state, or local law, Department of Housing and Urban Development regulations, or requirements of the annual contributions contract between Department of Housing and Urban Development and the authority.

(c) A decision by the hearing officer or authority in favor of the authority or which denies relief requested by the complainant in whole or in part shall not constitute a waiver of, nor affect in any manner whatever, any rights the complainant may have to an administrative proceeding or judicial review in judicial proceedings, which may thereafter be brought in the matter. [Eff 08/05/05; am and comp 06/14/12; am and comp] (Auth: 24 C.F.R. §966.52; HRS §356D-4) (Imp: 24 C.F.R. §966.57; HRS §§356D-4, 356D-96, 356D-97)

§§17-2021-22 to 17-2021-29 (Reserved)

17-2021-30

SUBCHAPTER 4

EXPEDITED GRIEVANCE PROCEDURES - REPEALED

§§17-2021-30 to 17-2021-35 Repealed.
[R]

DEPARTMENT OF HUMAN SERVICES

Amendments to and compilation of chapter 17-2021, Hawaii Administrative Rules, on the Summary page dated [DATE], following a public hearing held on [DATE], after public notices were given in the Honolulu Star-Advertiser, Hawaii Tribune-Herald, West Hawaii Today, Maui News, and The Garden Island on [DATE]

These rules shall take effect after ten days after filing with the Office of the Lieutenant Governor.

Robert Hall, Chairperson
Board of Directors
Hawaii Public Housing Authority

APPROVED:

Josh Green, MD
Governor
State of Hawaii

Dated: _____

APPROVED AS TO FORM:

Deputy Attorney General

Filed: _____



FOR ACTION

MOTION: To: **(1)** Rescind the Hawaii Public Housing Authority's (HPHA) Admissions & Continued Occupancy Policy (ACOP) Chapter 13 – Complaints, Grievances, and Appeals, Dated August 24, 2000; **(2)** Affirm that Chapters 17-2020, 17-2021, and 17-2028, Hawaii Administrative Rules (HAR), Provide All of the HPHA's Grievance Procedures for its Federal Public Housing Projects; **(3)** Approve the New ACOP Chapter 13 which Provides that the HPHA's Grievance Procedures can be Found at Chapters 17-2020, 17-2021, and 17-2028, HAR; **(4)** Correct References to ACOP Chapter 13 Found in ACOP Chapters 2 and 4; and **(5)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary to Implement the Changes, Including Distributing the Information to the Resident Advisory Board and Residents in Federal Public Housing

I. FACTS

- A. The Hawaii Public Housing Authority's (HPHA) low-income public housing program is governed by a variety of federal, State, and agency statutes and rules found in the United States Code; the Code of Federal Regulations (CFR); Chapter 356D, Hawaii Revised Statutes (HRS); and the Hawaii Administrative Rules (HAR).
- B. Sections 356D-4 and 356D-13, HRS, authorize the HPHA to adopt administrative rules with the force and effect of law to govern its federal programs.
- C. On December 31, 2022, the HPHA's HAR found at chapter 17-2028, Title 17, were made effective which amended the definition of "ACOP" to include the administrative rules.

II. DISCUSSION

- A. The HPHA currently has policies on grievance procedures in several documents, including the HAR and the ACOP.
- B. The proposed rescission of ACOP Chapter 13 will remove any duplicative, confusing, or conflicting language with the HAR.

- C. The new ACOP Chapter 13 will direct the public to the relevant policies contained in chapters 17-2020, 17-2021, and 17-2028, HAR.
- D. The HPHA is also proposing minor amendments in ACOP Chapters 2 and 4 to correct references to ACOP Chapter 13.

III. RECOMMENDATION

That the Board of Directors: **(1)** Rescind the Hawaii Public Housing Authority's (HPHA) Admissions & Continued Occupancy Policy (ACOP) Chapter 13 – Complaints, Grievances, and Appeals, Dated August 24, 2000; **(2)** Affirm that Chapters 17-2020, 17-2021, and 17-2028, Hawaii Administrative Rules (HAR), Provide All of the HPHA's Grievance Procedures for its Federal Public Housing Projects; **(3)** Approve the New ACOP Chapter 13 which Provides that the HPHA's Grievance Procedures can be Found at Chapters 17-2020, 17-2021, and 17-2028, HAR; **(4)** Correct References to ACOP Chapter 13 Found in ACOP Chapters 2 and 4; and **(5)** Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary to Implement the Changes, Including Distributing the Information to the Resident Advisory Board and Residents in Federal Public Housing

Attachment A: Proposed Draft of ACOP Chapter 13 (Redline)
Attachment B: Proposed Draft of ACOP Chapter 2 (Redline)
Attachment C: Proposed Draft of ACOP Chapter 4 (Redline)

Prepared by: Benjamin Park, Chief Planner BP

Approved by the Board of Directors
on the date set forth above
☒ As Presented [] As Amended



Robert J. Hall, Chairperson

Chapter 13

~~COMPLAINTS, GRIEVANCE PROCEDURES, AND APPEALS~~

~~[24 CFR 966.50-966.57; Hawaii Administrative Rule 15-183 & 15-190]~~

~~INTRODUCTION~~ 13-I.A. GRIEVANCE PROCEDURE

The HPHA's grievance procedure can be found at:

- Chapter 17-2020, Hawaii Administrative Rules (HAR), entitled "Eviction – Practice and Procedure";
- Chapter 17-2021, HAR, entitled "Grievance Procedure"; and
- Chapter 17-2028, HAR, entitled "Federally Assisted Public Housing Projects".

~~The informal hearing requirements defined in HUD regulations are applicable to participating families who disagree with an action, decision, or inaction of the PHA. This Chapter describes the policies to be used when families disagree with a PHA decision. It is the policy of the PHA to ensure that all families have the benefit of all protections due to them under the law.~~

~~Grievances shall be handled in accordance with the PHA's approved Grievance Procedures. The written grievance procedure is incorporated into this document by reference and is the guideline to be used for grievances and appeals.~~

~~13-A. COMPLAINTS~~

~~The PHA will respond promptly to all complaints.~~

~~Each complaint regarding physical condition of the units may be reported by phone to the Housing Manager. Anonymous complaints are checked whenever possible. The PHA does require that complaints be put in writing.~~

~~Complaints from Families~~

~~If a family disagrees with an action or inaction of the PHA, complaints will be referred to the Manager. Complaints regarding physical condition of the units may be reported by phone to the Unit Manager.~~

~~Complaints from Staff~~

~~If a staff person reports a family is violating or has violated a lease provision or is not complying with program rules, the complaints will be referred to the Unit Manager.~~

~~Complaints from the General Public~~

~~Complaints or referrals from persons in the community in regard to the PHA or a family will be referred to the Housing Manager.~~

~~Anonymous complaints will be checked whenever possible.~~

~~13-B. APPEALS BY APPLICANTS~~

~~Applicants who are determined ineligible, who do not meet the PHA's admission standards, or where the PHA does not have an appropriate size and type of unit in its inventory will be given written notification promptly, including the reason for the determination.~~

~~Ineligible applicants will be promptly provided with a letter detailing their individual status, stating the reason for their ineligibility, and offering them an opportunity for an informal hearing.~~

~~Applicants must submit their request for an informal hearing in writing to the PHA within fourteen (14) working days from the date of the notification of their ineligibility.~~

~~If the applicant requests an informal hearing, the PHA will provide an informal hearing within twenty one (21) working days of receiving the request. The PHA will notify the applicant of the place, date, and time.~~

~~Informal hearings will be conducted by an impartial hearing officer. The person who is designated as the hearing officer cannot be the person who made the determination of ineligibility or a subordinate of that person.~~

~~The applicant may bring to the hearing any documentation or evidence s/he wishes and the evidence along with the data compiled by the PHA will be considered by the hearing officer.~~

~~The hearing officer will make a determination based upon the merits of the evidence presented by~~

~~both sides. Within twenty one (21) working days of the date of the hearing, the hearing officer will mail a written decision to the applicant and place a copy of the decision in the applicant's file.~~

~~The grievance procedures for Public Housing tenants do not apply to PHA determinations that affect applicants.~~

~~13-C. APPEALS BY TENANTS~~

~~Grievances or appeals concerning the obligations of the tenant or the PHA under the provisions of the lease shall be processed and resolved in accordance with the Grievance Procedure of the PHA, which is in effect at the time such grievance or appeal arises.~~

~~(See the PHA's Grievance Procedure contained in this chapter.)~~

~~13-D. HEARING AND APPEAL PROVISIONS FOR “RESTRICTIONS ON ASSISTANCE TO NON-CITIZENS”~~

~~Assistance to the family may not be delayed, denied, or terminated on the basis of immigration status at any time prior to the receipt of the decision on the INS appeal.~~

~~Assistance to a family may not be terminated or denied while the PHA hearing is pending but assistance to an applicant may be delayed pending the PHA hearing.~~

~~INS Determination of Ineligibility~~

~~If a family member claims to be an eligible immigrant and the INS SAVE system and manual search do not verify the claim, the PHA notifies the applicant or tenant within ten days of their right to appeal to the INS within thirty days or to request an informal hearing with the PHA either in lieu of or subsequent to the INS appeal.~~

~~If the family appeals to the INS, they must give the PHA a copy of the appeal and proof of mailing or the PHA may proceed to deny or terminate. The time period to request an appeal may be extended by the PHA for good cause.~~

~~The request for a PHA hearing must be made within fourteen days of receipt of the notice offering the hearing or, if an appeal was made to the INS, within fourteen days of receipt of that notice.~~

~~After receipt of a request for an informal hearing, the hearing is conducted as described in the "Grievance Procedures" section of this chapter for both applicants and participants. If the hearing officer decides that the individual is not eligible, and there are no other eligible family members the PHA will:~~

- ~~• Deny the applicant family.~~
- ~~• Terminate the participant if the family does not qualify for deferral.~~

~~If there are eligible members in the family, the PHA will offer to prorate assistance or give the family the option to remove the ineligible members.~~

~~All other complaints related to eligible citizen/immigrant status:~~

- ~~• If any family member fails to provide documentation or certification as required by the regulation, that member is treated as ineligible. If all family members fail to provide, the family will be denied or terminated for failure to provide.~~
- ~~• Participants whose termination is carried out after temporary deferral may not request a hearing since they had an opportunity for a hearing prior to the termination.~~
- ~~• Participants whose assistance is pro-rated (either based on their statement that some members are ineligible or due to failure to verify eligible immigration status for some members after exercising their appeal and hearing rights described above) are entitled to a hearing based on the right to a hearing regarding determinations of Tenant Rent and Total Tenant Payment.~~
- ~~• Families denied or terminated for fraud in connection with the non-citizens rule are entitled to a review or hearing in the same way as terminations for any other type of fraud.~~

13-E. GRIEVANCE PROCEDURES

~~Residents of Public Housing may contact the PHA administrative office, project office, Hearings office, or Property Management office to initiate grievance process.~~

Definitions

~~*Grievance.* Any dispute which a tenant may have with respect to a Housing Authority action or failure to act in accordance with the individual tenant's lease or PHA regulations which adversely affect the individual tenant's rights, duties, welfare, or status.~~

~~*Complainant.* Any tenant whose grievance is presented to the PHA or at the site/management office informally or as part of the informal hearing process.~~

~~*Hearing Officer/Hearing Panel.* A person or persons selected in accordance with this grievance procedure to hear grievances and render a decision with respect thereto.~~

~~*Tenant.* A lessee or the remaining head of household of any tenant family residing in housing accommodations owned or leased by the PHA.~~

~~*Elements of Due Process.* An eviction action or a termination of tenancy by a Hearing Board in which the following procedural safeguards are required.~~

- ~~• Adequate notice to the tenant of the grounds for terminating the tenancy and for eviction;~~
- ~~• Opportunity for the tenant to examine all relevant documents, records, and regulations of the PHA prior to the trial for the purpose of preparing a defense;~~
- ~~• Right of the tenant to be represented by counsel;~~
- ~~• Opportunity for the tenant to refute the evidence presented by the PHA including the right to~~

~~confront and cross-examine witnesses and to present any affirmative legal or equitable defense which the tenant may have;~~

- ~~• A decision on the merits of the case.~~

Applicability

~~This Grievance Procedure applies to all individual grievances, except any grievance concerning a termination of tenancy or eviction that involves:~~

- ~~• Any activity, not just criminal activity, that threatens the health, safety, or right to peaceful enjoyment of the premises of other residents or PHA employees, or~~
- ~~• Any drug-related criminal activity on or off such premises.~~

Pre-Hearing Procedures

Informal Conference Procedures

~~Any grievance shall be presented orally or in writing to the PHA main administrative office, or the Property management office who sent the notice on which the grievance is based. Written grievances must be signed by the complainant. The grievance must be presented within a reasonable time, not past the first working day after the day of the action or failure to act which is the basis for the grievance. It may be simply stated, but shall specify:~~

- ~~• The particular grounds upon which it is based;~~
- ~~• The action requested; and~~
- ~~• The name, address, and telephone number of the complainant, and similar information about the complainant's representative, if any.~~

~~The purpose of the initial discussion is to discuss and to resolve the grievance without the necessity of a formal hearing.~~

~~Within seven business days, a summary of this discussion will be given to the complainant by a PHA representative. One copy will be filed in the tenant's file.~~

~~The summary will include names of participants, the date of the meeting, the nature of the proposed disposition, and the specific reasons for the disposition. The summary will also specify the steps by which a formal hearing can be obtained.~~

Dissatisfaction with Informal Conference

~~If the complainant is dissatisfied with the proposed disposition of the grievance, s/he shall submit a written request for a hearing within fifteen (15) business days of the receipt of the summary of the informal meeting.~~

~~The request for a hearing may be turned in at the Project Office or at the PHA's Hearings Office.~~

~~If received at the Project Office, the manager will forward it to the Hearings Office. The request must specify the reason for the grievance request and the relief sought.~~

~~Failure to Request a Formal Hearing~~

~~If the complainant does not request a formal hearing within fifteen (15) business days, s/he waives his/her right to a hearing, and the PHA's proposed disposition of the grievance will become final. This section in no way constitutes a waiver of the complainant's right to contest the PHA's disposition in an appropriate judicial proceeding.~~

~~Right to a Hearing~~

~~After exhausting the informal conference procedures outlined above, a complainant shall be entitled to a hearing before a hearing officer.~~

~~The head of household or other adult household member must attend the hearing.~~

~~If the complainant fails to appear within fifteen (15) minutes of the scheduled time, the complainant waives his/her right to a hearing.~~

~~The PHA will provide reasonable accommodation for persons with disabilities to participate in the hearing. The PHA must be notified at least five (5) business days prior to the scheduled time if special accommodations are required.~~

~~Selection of Hearing Officer~~

~~A grievance hearing shall be conducted by an impartial person or persons appointed by the PHA other than the person who made or approved the PHA action under review, or a subordinate of such person.~~

~~Procedures to Obtain a Hearing~~

~~Informal Prerequisite~~

~~All grievancees must be informally presented as a prerequisite to a formal hearing.~~

~~The hearing officer may waive the prerequisite informal conference if, and only if, the complainant can show good cause why s/he failed to proceed informally.~~

~~Escrow Deposit~~

~~Before a hearing is scheduled in any grievance involving an amount of rent the PHA claims is due, the complainant shall pay to the PHA all rent due and payable as of the month preceding the month in which the act or failure to act took place.~~

~~The complainant shall thereafter deposit the same amount of the monthly rent in an escrow account each month until the complaint is resolved by decision of the hearing official or panel.~~

~~The PHA may waive these escrow requirements. The escrow deposit requirement must be waived if tenant has a financial hardship paying the minimum rent. Also it must be waived if the tenant has reduced welfare benefits related to work requirements.~~

~~Unless so waived, failure to make the required escrow payments shall result in termination of the grievance procedure.~~

~~Failure to make such payments does not constitute a waiver of any right the complainant may have to contest the PHA's disposition of the grievance in any appropriate judicial proceeding.~~

Scheduling

~~If the complainant complies with the procedures outlined above, a hearing shall be scheduled by the hearing officer promptly within twenty-eight (28) business days at a time and place reasonably convenient to the complainant and the PHA.~~

~~A written notification of the date, time, place, and procedures governing the hearing shall be delivered to the complainant and the appropriate PHA official.~~

Hearing Procedures

~~The hearing shall be held before a hearing officer.~~

~~The complainant shall be afforded a fair hearing and be provided the basic safeguards of due process to include:~~

- ~~• The opportunity to examine and to copy before the hearing, at the expense of the complainant, all documents, records, and regulations of the PHA that are relevant to the hearing with at least a 24-hour notice to the legal department prior to the hearing. Any document not so made available after request by the complainant may not be relied upon by the PHA at the hearing.~~
- ~~• The PHA shall also have the opportunity to examine and to copy at the expense of the PHA all documents, records, and statements that the family plans to submit during the hearing to refute the PHA's inaction or proposed action. Any documents not so made available to the PHA may not be relied upon at the hearing.~~
- ~~• The right to a private hearing unless otherwise requested by the complainant.~~
- ~~• The right to be represented by counsel or other person chosen as a representative.~~
- ~~• The right to present evidence and arguments in support of the complaint, to controvert evidence presented by the PHA, and to confront and cross-examine all witnesses upon whose testimony or information the PHA relies, limited to the issues for which the complainant has received the opportunity for a formal hearing; and~~
- ~~• The right to a decision based solely and exclusively upon the facts presented at the hearing.~~

~~If the hearing officer determines that the issue has been previously decided in another proceeding, a decision may be rendered without proceeding with the hearing.~~

~~If the complainant or PHA fail to appear at the scheduled hearing, the hearing officer may:~~

- ~~Make a determination that the party has waived his/her right to a hearing.~~

~~Such a determination in no way waives the complainant's right to appropriate judicial proceedings in another forum.~~

~~At the hearing, the complainant must first make a showing of an entitlement to the relief sought and thereafter the PHA must sustain the burden of justifying the PHA action or failure to act against which the complaint is directed.~~

~~The hearing shall be conducted by the hearing officer as follows:~~

- ~~**Informal:** Oral and documentary evidence pertinent to the facts and issues raised by the complaint may be received without regard to admissibility under the rules of evidence applicable to judicial proceedings;~~
- ~~**Formal:** The hearing officer shall require the PHA, complainant, counsel, and other participants and spectators to conduct themselves in an orderly manner. The failure to comply with the directions of the hearing official/panel to maintain order will result in the exclusion from the proceedings, or a decision adverse to the interests of the disorderly party and granting or denial of the relief sought, as appropriate.~~

~~The PHA may arrange, in advance, and at the expense of the party making the arrangement, for a transcript of the hearing. Any interested party may purchase a copy of such transcript.~~

Decisions of the Hearing Officer/Panel

~~The hearing officer shall give the PHA and the complainant a written decision, including the reasons for the decision, within a reasonable time following the hearing. The PHA will place one copy in the tenant files. The written decision will be sent to the address provided at the hearing.~~

~~The decision of the hearing officer shall be binding on the PHA which shall take all actions necessary to carry out the decision unless the complainant files for a judicial review or trial in Circuit Court.~~

Housing Authority Eviction Actions

~~If a tenant has requested a hearing in accordance with these duly adopted Grievance Procedures on a complaint involving a PHA notice of termination of tenancy, and the hearing officer upholds the PHA action, the PHA shall not commence an eviction action until it has served a notice to vacate on the tenant.~~

~~In no event shall the notice to vacate be issued prior to the decision of the hearing officer having been mailed or delivered to the complainant.~~

~~Such notice to vacate must be in writing and specify that if the tenant fails to quit the premises within the applicable statutory period, or on the termination date as stated in the notice of termination, whichever is later, appropriate action will be brought against the complainant. The complainant may be required to pay court costs and attorney fees.~~

Chapter 2

ELIGIBILITY FOR ADMISSION

[24 CFR 960.201]

INTRODUCTION

This Chapter defines both HUD's and the PHA's criteria for admission and denial of admission to the program. The policy of this PHA is to strive for objectivity and consistency in applying these criteria to evaluate the qualifications of families who apply. The PHA staff will review all information provided by the family carefully and without regard to factors other than those defined in this Chapter. Families will be provided the opportunity to explain their circumstances, to furnish additional information, if needed, and to receive an explanation of the basis for any decision made by the PHA pertaining to their eligibility.

2-A. QUALIFICATION FOR ADMISSION

It is the PHA's policy to admit qualified applicants only. An applicant is qualified if he or she meets the following criteria:

- Is a family as defined in this Chapter;
- Heads a household where at least one member of the household is either a citizen or eligible non-citizen. (24 CFR Part 200 and Part 5, Subpart E);
- Has an Annual Income at the time of admission that does not exceed the low-income limits for occupancy established by HUD and posted separately in the PHA offices;
- The Quality Housing and Work Responsibility Act of 1998 authorizes PHAs to admit families whose income does not exceed the low-income limit (80% of median area income) once the PHA has met the annual 40% targeted income requirement of extremely low-income families (families whose income does not exceed 30% of median area income).
- Provides a Social Security number for all family members, age 6 or older, or will provide written certification that they do not have Social Security numbers;
- Meets or exceeds the tenant Selection and Suitability Criteria as set forth in this policy including the attendance and successful completion of the PHA's pre-occupancy class;
- Not have an outstanding debt owed to the PHA as a participant in any of its programs;
- Not have an outstanding liability for unpaid rent or damages incurred while previously participating in any Section 8 rental subsidy program;
- Not have been evicted since March 1, 1985 from a public housing program administered by the PHA or its predecessor, the Hawaii Housing Authority;
- Not have committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program;
- Not subject to lifetime registration requirements under any state sex offender's registration program.

Timing for the Verification of Qualifying Factors

The qualifying factors of eligibility, other than citizenship status, will be verified before the family is placed on the waiting list.

2-B. FAMILY COMPOSITION

Definition of Family

The applicant must qualify as a Family. A Family may be a single person or a group of persons.

A group of persons is defined by the PHA as two or more persons who intend to share residency whose income and resources are available to meet the family's needs and will live together in PHA housing.

Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

1. A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
2. A group of persons residing together, and such group includes, but is not limited to:
 - i. A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family) Family may include foster children and hanai children, or a child who is domiciled with, and for whom an adult member of the current household is caring for with written and unwritten permission from the legal parent or other person having legal custody, or child domiciled with, and for whom an adult member of the current household is in the process of securing custody;
 - ii. An elderly family;
 - iii. A near-elderly family;
 - iv. A disabled family;
 - v. A displaced family; and
 - vi. The remaining member of a tenant family.

In addition, for categorizing family as defined above, the terms disabled family, elderly family, and near-elderly family (per 24 CFR 5.403), and sexual orientation, and gender identity (per 24 CFR 100) are defined by HUD as follows:

Disabled family means a family whose head (including co-head), spouse, or sole member is a person with a disability. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.

Elderly family means a family whose head (including co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.

Near-elderly family means a family whose head (including co-head), spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62, living with one or more live-in aides.

Sexual orientation means homosexuality, heterosexuality, or bisexuality.

Gender identity means actual or perceived gender-related characteristics.

Person with disabilities is defined in 24 CFR 5.403.

The temporary absence of a child from the home due to placement in foster care shall not be considered in determining the family composition and family size.

Occupancy by Police Officers

In order to provide an increased sense of security for public housing residents, the PHA may allow public housing units to be occupied by police officers.

Police officers will not be required to be income eligible to qualify for admission to the PHA 's public housing program.

Head of Household

The head of household is the adult member of the household who is designated by the family as head, is wholly or partly responsible for paying the rent, and has the legal capacity to enter into a lease under State/local law.

Emancipated minors who qualify under State law will be recognized as head of household if there is a court order recognizing them as an emancipated minor.

A family may designate an elderly or disabled family member as head of household solely to qualify the family as an Elderly Family, provided that the person is at least partially responsible for paying the rent.

Spouse of Head

Spouse means the husband or wife of the head.

For proper application of the non-citizens rule, the definition of spouse is the marriage partner who, in order to dissolve the relationship, would have to be divorced. It includes the partner in a common law marriage. The term "spouse" does not apply to boyfriends, girlfriends, significant others, or co-heads.

Co-head

An individual in the household who is equally responsible for the lease with the Head of Household. A household may have either a spouse or co-head, but not both. A co-head never qualifies as a dependent.

Live-In Attendants

A Family may include a live-in aide provided that such live-in aide:

- Is determined by the PHA to be essential to the care and wellbeing of an elderly person, a near-elderly person, or a person with disabilities,
- Is not obligated for the support of the person(s), and

- Would not be living in the unit except to provide care for the person(s).

A live-in aide is not considered to be an assisted family member and has no rights or benefits under the program:

- Income of the live-in aide will not be counted for purposes of determining eligibility or level of benefits.
- Live-in aides are not subject to non-citizen rule requirements.

Relatives are not automatically excluded from being live-in aides, but they must meet all of the elements in the live-in aide definition described above.

Family members of a live-in attendant may also reside in the unit, providing doing so does not increase the subsidy by the cost of an additional bedroom and that the presence of the family member(s) does not overcrowd the unit.

A Live-in Aide may only reside in the unit with the approval of the PHA. Written verification will be required from a reliable, knowledgeable professional, such as a doctor, social worker, or caseworker. The verification provider must certify that a live-in aide is needed for the care of the family member who is elderly, near-elderly (50-61) or disabled.

Verification of the need for a live-in aide must include the hours the care will be provided.

The PHA has the right to disapprove a request for a live-in aide based on the "Other Eligibility Criteria" described in this Chapter.

Over Income Families

The PHA will rent units to over-income families on a month-to-month basis, if there are no eligible families applying for assistance that month.

Over-income families must agree to vacate the unit with at least 30 days' notice provided by the PHA, if the unit is needed for an income-eligible family.

The PHA will publish a 30-day notice if the PHA determines the need to house over-income families.

2-C. MANDATORY SOCIAL SECURITY NUMBERS [24 CFR 5.216]

Families are required to provide verification of Social Security Numbers for all family members aged 6 and older prior to admission, if they have been issued a number by the Social Security Administration. This requirement also applies to persons joining the family after admission to the program.

Failure to furnish verification of social security numbers is grounds for denial of admission or termination of tenancy.

If a member does not have a Social Security Number, they must sign a certification stating that they do not have one. The certification shall:

- State the individual's name, state that the individual has not been issued a Social Security Number;
- State that the individual will disclose the Social Security Number, if they obtain one at a later date; and
- Be signed and dated.

2-D. CITIZENSHIP/ELIGIBLE IMMIGRATION STATUS

In order to receive assistance, a family member must be a U.S. citizen or eligible immigrant. Individuals who are neither may elect not to contend their status. Eligible immigrants are persons who are in one of the six immigrant categories as specified by HUD.

For the Citizenship/Eligible Immigration requirement, the status of each member of the family is considered individually before the family's status is defined.

Mixed Families. A family is eligible for assistance as long as at least one member is a citizen or eligible immigrant. Families that include eligible and ineligible individuals are called "mixed". Such applicant families will be given notice that their assistance will be pro-rated and that they may request a hearing if they contest this determination.

No eligible members. Applicant families that include no eligible members will be ineligible for assistance. Such families will be denied admission and offered an opportunity for a hearing.

Non-citizen students as defined by HUD in the non-citizen regulations are not eligible for assistance.

The PHA will establish and verify eligibility no later than the date of the family's annual reexamination following October 21, 1998.

No individual or family applying for financial assistance may receive such financial assistance prior to the affirmative establishment and verification of eligibility of at least one individual or family member.

2-E. OTHER ELIGIBILITY CRITERIA

All applicants will be processed in accordance with HUD's regulations (24 CFR Part 960) and sound management practices. Applicants will be required to demonstrate ability to comply with essential provisions of the lease as summarized below.

All applicants must demonstrate through an assessment of current and previous one year past behaviors up the ability:

- To pay rent and other charges as required by the lease in a timely manner;
- To care for and avoid damaging the unit and common areas;

- To use facilities, appliances, and equipment in a reasonable way;
- To create no health or safety hazards, and to report maintenance needs in a timely manner;
- Not to interfere with the rights and peaceful enjoyment of others and to avoid damaging the property of others;
- Not to engage in criminal activity or alcohol abuse that threatens the health, safety or right to peaceful enjoyment of other residents or staff and not to engage in drug-related criminal activity on or off the PHA premises;
- Not to have ever been convicted of manufacturing or producing methamphetamine, also known as "speed" or "ice."
- To comply with necessary and reasonable rules and program requirements of HUD and the PHA; and
- To comply with local health and safety codes.

Denial of Admission for Previous Debts to This or Any Other PHA

Previous outstanding debts to this PHA or any PHA resulting from a previous tenancy in the public housing or Section 8 program must be paid in full prior to acceptance of application for admission. No Payment Agreement will be accepted.

At the time of initial application, the applicant must pay any previous debt prior to being placed on the waiting list.

Either spouse is responsible for the entire debt incurred as a previous PHA tenant. Children of the head or spouse who had incurred a debt to the PHA will not be held responsible for the parent's previous debt.

2-F. ONE STRIKE POLICY

Denial of Admission for Drug-Related and/or Other Criminal Activity

- All federally assisted housing is intended to provide a place to live and raise families, not a place to commit crime, to use or sell drugs or terrorize neighbors. It is the intention of the PHA to fully endorse and implement a policy which is designed to:
- Help create and maintain a safe and drug-free community;
- Keep our program participants free from threats to their personal and family safety;
- Support parental efforts to instill values of personal responsibility and hard work;
- Help maintain an environment where children can live safely, learn and grow up to be

productive citizens; and

- Assist families in their vocational/educational goals in the pursuit of self-sufficiency.

Administration

All screening procedures shall be administered fairly and in such a way as not to discriminate on the basis of race, color, sex, religion, creed, national or ethnic origin, age, familial status, handicap or disability or HIV infection, actual or perceived gender identity, sexual orientation, or marital status, and not to violate right to privacy.

To the maximum extent possible, the PHA will involve other community and governmental entities in the promotion and enforcement of this policy.

This policy will be posted on the PHA 's bulletin board and copies made readily available to applicants and tenants upon request.

HUD Definitions

“Drug related criminal activity” is the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)).

Drug related criminal activity means *on or off the premises, not just on or near the premises*.

"Criminal activity" includes any criminal activity that threatens the health, safety or right to peaceful enjoyment of the resident's public housing premises by other residents or employees of the PHA.

Screening for "One Strike"

In an effort to prevent drug related and other criminal activity, as well as other patterns of behavior that pose a threat to the health, safety, or the right to peaceful enjoyment of the premises by other residents, the PHA will endeavor to screen applicants as thoroughly and fairly as possible.

If in the past the PHA initiated a lease termination, which may or may not have resulted in eviction for any reason cited under the One Strike Notice, for a family, as a prior resident of public housing, the PHA shall have the discretion to consider all circumstances of the case regarding the extent of participation by non-involved family members.

The PHA will not be obligated to ferret out information concerning a family's criminal activities as part of the processing of an application for assistance. Initial screening will be limited to routine inquiries of the family and any other information provided to the PHA regarding this matter. The inquiries will be standardized and directed to all applicants by inclusion in the application form.

If as a result of the standardized inquiry, or the receipt of a verifiable referral, there is indication that the family or any family member is engaged in drug-related criminal or violent criminal activity, the PHA will conduct closer inquiry to determine whether the family should be denied admission.

If the screening indicates that any family member has been arrested or convicted within the prior two (2) years for drug-related or violent criminal activity, the PHA shall obtain verification through police/court

records.

Law Enforcement Records

The PHA will check criminal history for all applicants who are 18 years old and over to determine whether any member of the family has engaged in violent or drug-related criminal activity.

Verification of any past activity will be done prior to final eligibility and will include a check of conviction records.

The PHA has applied to the Federal Bureau of Investigation (FBI) and obtained a unique Originating Agency Identifier (ORI) number in order to maximize its efforts in obtaining applicant criminal record history.

The PHA has contracted with the Criminal Justice Center, an FBI approved channeling agent, to process and funnel requests in order to obtain National Crime Information Center (NCIC) data for the purpose of accessing FBI criminal records.

The PHA will do a name check only through its local law enforcement agency to access limited information from the NCIC.

The PHA acknowledges that a name check only may result in an inconclusive result without a positive fingerprint comparison. The results of an inconclusive name check will not be used to deny an applicant admission to housing.

If the channeling agency indicates to the PHA that there is a criminal history record indexed in the Interstate Identification Index which might belong to the applicant, the PHA must submit an applicant fingerprint card to the FBI through the appropriate channel in order to verify whether the criminal record belongs to the applicant. Should the applicant instead elect to withdraw their application, no further action will be necessary.

Standard for Violation

Persons evicted from public housing, Indian housing, Section 23, or any Section 8 program because of drug-related criminal activity are ineligible for admission to Public Housing.

No member of the applicant's family may have engaged in drug related or violent criminal activity within the past two (2) years.

The PHA will permanently deny admission to public housing persons convicted of manufacturing or producing methamphetamine on the premises of the assisted housing project in violation of any Federal or State law. "Premises" is defined as the building or complex in which the dwelling unit is located, including common areas and grounds.

The PHA will deny participation in the program to applicants where the PHA determines there is reasonable cause to believe that the person is illegally using a controlled substance or engages in drug-related or other criminal activity. The same will apply if it is determined that the person abuses alcohol in a way that may interfere with the health, safety or right to peaceful enjoyment of the premises by other residents. This includes cases where the PHA determines that there is a pattern of illegal use of

controlled substances or a pattern of alcohol abuse.

The PHA will consider the use of a controlled substance or alcohol to be a *pattern* if there is more than one incident during the previous twelve (12) months.

"Engaged in or engaging in or recent history of" drug related criminal activity means any act within the past two (2) years by applicants or participants, household members, or guests which involved drug-related criminal activity including, without limitation, drug-related criminal activity, possession and/or use of narcotic paraphernalia, which did or did not result in the arrest and/or conviction of the applicant or participant, household members, or guests.

"Engaged in or engaging in or recent history of" criminal activity means any act within the past two (2) years by applicants or participants, household members, or guests which involved criminal activity that would threaten the health, safety or right to peaceful enjoyment of the public housing premises by other residents or employees of the HA, which did or did not result in the arrest and/or conviction of the applicant or participant, household members, or guests.

In evaluating evidence of negative past behavior, the PHA will give fair consideration to the seriousness of the activity with respect to how it would affect other residents, and/or likelihood of favorable conduct in the future which could be supported by evidence of rehabilitation.

The PHA will waive the requirement regarding drug-related criminal activity if:

- The person demonstrates successful completion of a credible rehabilitation program approved by the PHA; or
- The individual involved in drug-related criminal activity is no longer in the household because the person is incarcerated.

The PHA may permit eligibility for occupancy and impose conditions that the involved family member(s) does not reside in the unit. The PHA will consider evidence that the person is no longer in the household such as divorce decree, incarceration, death, copy of a new lease with the owner's telephone number and address or other substantiating evidence.

Other Criminal Activity

"Other criminal activity" means a history of criminal activity involving crimes of actual or threatened violence to persons or property, or a history of other criminal acts, conduct or behavior which would adversely affect the health, safety, or welfare of other residents, employees or agents of Management, visitors, or persons doing work on the premises at Management's request.

For the purposes of this policy, this is construed to mean that a member of the current family has been arrested or convicted of any criminal or drug-related criminal activity within the past twenty-four (24) months.

HUD defines violent criminal activity as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against a person or property, and the activity is being engaged in by any family member.

- No family member may have threatened abusive or violent behavior toward PHA personnel at any time.
- No family member may have engaged in or threatened or committed abusive or violent behavior toward other residents, PHA personnel, agents of Management, visitors, or persons doing work on the premises at Management's request within the past three years.
- No family member may have committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program in the last two (2) years.

Evidence

The PHA must have evidence of the violation.

"Preponderance of evidence" is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole show that the fact sought to be proved is more probable than not. The intent is not to prove criminal liability, but to establish that the act(s) occurred.

Preponderance of evidence is not determined by the number of witnesses, but by the greater weight of all evidence.

"Credible evidence" may be obtained from police and/or court records. Testimony from neighbors, when combined with other factual evidence, can be considered credible evidence. Other credible evidence includes documentation of drug raids or arrest warrants, evidence gathered by PHA inspectors and/or investigators, and evidence gathered from the PHA Hotline.

The PHA may pursue fact-finding efforts as needed to obtain credible evidence.

Obtaining Information from Drug Abuse Treatment Centers

The PHA will inquire of all applicants whether they are currently using or in the past have ever engaged in the illegal use of a controlled substance.

The PHA will inquire of all applicants who respond in the affirmative whether they are currently receiving treatment or have ever received treatment at a drug abuse treatment facility.

All applicants who respond in the affirmative will be required to sign a written consent authorizing the PHA to receive information from the drug abuse treatment facility stating only whether the facility has reasonable cause to believe that the applicant is currently engaging in the illegal use of a controlled substance.

The authorization will be sent to the drug abuse treatment facility with a PHA postage paid return addressed envelope addressed to the attention of the Public Housing Manager.

The PHA will maintain such information received from a drug abuse treatment facility in a manner that respects its confidentiality.

Such confidential information will be reviewed by the Public Housing Manager who will make a decision as to the outcome of the review.

Such confidential information will not be misused or improperly disseminated and will be destroyed not later than 5 days after the date on which the PHA gives final approval for admission.

If the application is denied, the information will be destroyed within three hundred fifty-two (352) days following the date on which the statute of limitations for commencement of a civil action from the applicant based upon the denial of admission has expired.

Confidentiality of Criminal Records

The PHA will ensure that any criminal record received is maintained confidentially, not misused, or improperly disseminated, and destroyed once the purpose for which it was requested is accomplished.

All criminal reports, while needed by the Public Housing Manager for screening for criminal behavior, will be housed in a locked file with access restricted to individuals responsible for such screening.

Misuse of the above information by any employee will be grounds for termination of employment. Penalties for misuse are contained in Personnel Policies.

If the family is determined eligible for initial or continued assistance, the PHA's copy of the criminal report shall be shredded as soon as the information is no longer needed for eligibility or continued assistance determination.

If the family's assistance is denied or terminated, the criminal record information shall be shredded immediately upon completion of the review or hearing procedures and a final decision has been made.

The PHA will document in the family's file that the family was denied admission, or the tenancy was terminated due to findings in the Criminal History Report

Disclosure of Criminal Records to Family

Before the PHA takes any adverse action based on a criminal conviction record, the applicant will be provided with a copy of the criminal record and an opportunity to dispute the record. Applicants will be provided an opportunity to dispute the record at an informal hearing. Tenants may contest such records at the court hearing in the case of evictions.

Hearings

(See Chapter titled "Complaints, Grievances and Appeals")

If information is revealed that would cause the PHA to deny admission to the household and the person disputes the information, s/he shall be given an opportunity for an informal hearing according to the PHA's hearing procedures outlined in the Chapter on Complaints, Grievances and Appeals.

2-G. SCREENING FOR SUITABILITY [24 CFR 960.204, 960.205]

In developing its admission policies, the aim of the PHA is to attain a tenant body composed of families

with a broad range of incomes and to avoid concentrations of the most economically deprived families and families with serious social problems. Therefore, it is the policy of the PHA to deny admission to applicants whose habits and practices may reasonably be expected to have a detrimental effect on the operations of the development or neighborhood, or on the quality of life for its residents.

The PHA will conduct a detailed interview of all applicants. The interview form will contain questions designed to evaluate the qualifications of applicants to meet the essential requirements of tenancy. Answers will be subject to third party verification.

An applicant's intentional misrepresentation of any information related to eligibility, award of preference for admission, housing history, allowances, family composition or rent will result in denial of admission.

Applicants must be able to demonstrate the ability and willingness to comply with the terms of the lease, either all or with assistance which they can demonstrate that they have or will have at the time of admission. (24 CFR 8.2 Definition: Qualified Individual with Handicaps) The availability of assistance is subject to verification by the PHA.

The PHA 's minimum age for admission as head of household is 18, to avoid entering into leases which would not be valid or enforceable under applicable law.

The PHA does not permit a parent or legal guardian to co-sign the lease on the applicant's behalf if the head of household is under 18.

As a part of the final eligibility determination, the PHA will screen each applicant household to assess their suitability as renters.

The PHA will complete a rental history check on all applicants.

The PHA shall rely upon sources of information which may include, but not be limited to, PHA records, personal interviews with the applicant or tenant, interviews with previous landlords, employers, family social workers, parole officers, criminal and court records, clinics, physicians or the police department, and home visits for persons who have had negative landlord reference(s) for poor housekeeping habits.

This will be done in order to determine whether the individual attributes, prior conduct, and behavior of a particular applicant is likely to interfere with other tenants in such a manner as to diminish their enjoyment of the premises by adversely affecting their health, safety, or welfare.

The PHA will complete a home visit at the current residence of all applicants who have had landlord verifications returned to the PHA with unfavorable comments concerning their housekeeping habits. Applicants shall have at least two working days advance written notice of home visits.

Factors to be considered in the screening are housekeeping habits, rent paying habits, prior history as a tenant, criminal records, the ability of the applicant to maintain the responsibilities of tenancy, and whether the conduct of the applicant in present or prior housing has been such that admission to the program would adversely affect the health, safety or welfare of other residents, or the physical environment, or the financial stability of the project.

The PHA 's examination of relevant information pertaining to past and current habits or practices will include, but is not limited to, an assessment of:

- The applicant's past performance in meeting financial obligations especially rent.
- Eviction or a record of disturbance of neighbors sufficient to warrant a police call, destruction of property, or living or housekeeping habits at present or prior residences which may adversely affect the health, safety, or welfare of other tenants or neighbors.
- Any history of criminal activity on the part of any applicant family member involving criminal acts, including drug-related criminal activity.
- Any history or evidence of repeated acts of violence on the part of an individual, or a pattern of conduct constituting a danger to peaceful occupancy by neighbors.
- Any history of initiating threats or behaving in a manner indicating an intent to assault employees or other tenants.
- Any history of alcohol or substance abuse that would threaten the health, welfare, or right to peaceful enjoyment of the premises by other residents.
- The ability and willingness of an applicant to comply with the essential lease requirements will be verified and documented by the PHA. The information to be considered in the screening process shall be reasonably related to assessing the conduct of the applicant and other family members listed on the application in present and prior housing.

The history of an applicant's conduct and behavior must demonstrate that the applicant family can reasonably be expected not to:

- Interfere with other residents in such a manner as to diminish their peaceful enjoyment of the premises by adversely affecting their health, safety, or welfare. [24CFR 960.205(b)]
- Adversely affect the physical environment or financial stability of the project. [24CFR 960.205(b)]
- Violate the terms and conditions of the lease.
- Require services from PHA staff that would alter the fundamental nature of the PHA's program.

Rent Paying Habits

The PHA will examine any Housing Authority records from a prior tenancy and will request written references from the applicant's current landlord and may request written references from former landlords for up to the past two (2) years.

Based upon these verifications, the PHA will determine if the applicant was chronically late with rent payments, was evicted at any time during the past two (2) years for nonpayment of rent, or had other legal action initiated against him/her for debts owed. Any of these circumstances could be grounds for an ineligibility determination, depending on the amount of control the applicant had over the situation.

Applicants will not be considered to have a poor credit history if they had a poor rent paying history clearly related to an excessive rent relative to their income (using 50% of their gross income as a guide,) and responsible efforts were made by the family to resolve the nonpayment problem.

The lack of credit history will not disqualify a family, but a poor credit history will, with the exceptions noted above.

Where past rent paying ability cannot be documented, the PHA will check with the utility company(s) to determine whether the family has been current and timely on their payments.

Screening Applicants Who Claim Mitigating Circumstances

Mitigating circumstances are facts relating to the applicant's record of unsuitable rental history or behavior, which, when verified would indicate both: (1) the reason for the unsuitable rental history and/or behavior; and (2) that the reason for the unsuitable rental history and behavior is no longer in effect or is under control, and the applicant's prospect for lease compliance is an acceptable one, justifying admission.

If unfavorable information is received about an applicant, consideration shall be given to the time, nature, and extent of the applicant's conduct and to factors that might indicate a reasonable probability of favorable future conduct. In order to be factored into the PHA 's screening assessment of the applicant, mitigating circumstances must be verifiable.

If the mitigating circumstances claimed by the applicant relate to a change in disability, medical condition, or course of treatment, the PHA shall have the right to refer such information to persons who are qualified and knowledgeable to evaluate the evidence and to verify the mitigating circumstance. The PHA shall also have the right to request further information reasonably needed to verify the mitigating circumstance, even if such information is of a medically confidential nature. Such inquiries will be limited to the information necessary to verify the mitigating circumstances or, in the case of a person with disabilities, to verify a reasonable accommodation.

Examples of Mitigating Circumstances

Evidence of successful rehabilitation;

Evidence of the applicant family's participation in and completion of social service or other appropriate counseling service approved by the PHA;

Evidence of successful and sustained modification of previous disqualifying behavior.

Consideration of mitigating circumstances does not guarantee that the applicant will qualify for admission. The PHA will consider such circumstances in light of:

The applicant's ability to substantiate through verification the claim of mitigating circumstances and his/her prospects for improved future behavior; and

The applicant's overall performance with respect to all the screening requirements.

Qualified and Unqualified Applicants

- Information which has been verified by the PHA will be analyzed and a determination will be made with respect to:

- The eligibility of the applicant as a *family*;
- The eligibility of the applicant with respect to income limits for admission;
- The eligibility of the applicant with respect to citizenship or eligible immigration status;
- Preference category (if any) to which the family is entitled.

Assistance to a family may not be delayed, denied, or terminated on the basis of the family's ineligible immigration status unless and until the family completes all the verification and appeals processes to which they are entitled under both INS and PHA procedures, except for a pending PHA hearing.

Applicants who are determined to be unqualified for admission will be promptly notified with a Notice of Denial of Admission stating the reason for the denial. The PHA shall provide applicants an opportunity for an informal hearing (see Chapter titled "Complaints, Grievances, and Appeals.")

Applicants who have requested a reasonable accommodation as a person with a disability and who have been determined eligible, but fail to meet the Applicant Selection Criteria, will be offered an opportunity for a second meeting to have their cases examined to determine whether mitigating circumstances or reasonable accommodations will make it possible for them to be housed in accordance with the screening procedures.

The PHA will make every effort to accurately estimate an approximate date of occupancy. However, the date given by the PHA does not mean that applicants should expect to be housed by that date. The availability of a suitable unit to offer a family is contingent upon factors not directly controlled by the PHA, such as turnover rates, and market demands as they affect bedroom sizes and project location.

Documenting Findings

An authorized representative of the PHA shall document any pertinent information received relative to the following:

- Criminal Activity - Includes the activities listed in the definition of criminal activity in this Chapter.
- Pattern of Violent Behavior - includes evidence of repeated acts of violence on the part of an individual, or a pattern of conduct constituting a danger to peaceful occupancy of neighbors.
- Pattern of Drug Use - includes a determination by the PHA that the applicant has exhibited a pattern of illegal use of a controlled substance which might interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.
- Drug Related Criminal Activity - includes a determination by the PHA that the applicant has been involved in the illegal manufacture, sale, distribution, use or possession of a controlled substance.
- Pattern of Alcohol Abuse - includes a determination by the PHA that the applicant's pattern of alcohol abuse might interfere with the health, safety or right to peaceful enjoyment of the premises by other residents.

- Initiating Threats - or behaving in a manner indicating an intent to assault employees or other tenants.
- Abandonment of a Public Housing Unit - without advising PHA officials so that staff may secure the unit and protect its property from vandalism.
- Non-Payment of Rightful Obligations - including rent and/or utilities and other charges owed to the PHA
- Intentionally Falsifying an Application for Leasing - including uttering or otherwise providing false information about family income and size, using an alias on the application for housing, or making any other materially false statement or omission intended to mislead.
- Record of Serious Disturbances of Neighbors, Destruction of Property or Other Disruptive or Dangerous Behavior - consists of patterns of behavior which endanger the life, safety, or welfare of other persons by physical violence, gross negligence or irresponsibility; which damage the equipment or premises in which the applicant resides, or which are seriously disturbing to neighbors or disrupt sound family and community life, indicating the applicant's inability to adapt to living in a multi-family setting. Includes judicial termination of tenancy in previous housing on the grounds of nuisance or objectionable conduct, or frequent loud parties, which have resulted in serious disturbances of neighbors.
- Grossly Unsanitary or Hazardous Housekeeping - includes the creation of a fire hazard through acts such as hoarding rags, papers, or other materials; severe damages to premises and equipment, if it is established that the family is responsible for the condition; seriously affecting neighbors by causing infestation, foul odors, depositing garbage in halls; or serious neglect of the premises.
- Destruction of Property from previous rentals.
- Whether Applicant or tenant is Capable of Maintaining the Responsibilities of tenancy - In the case of applicants for admission, the person's present living arrangements and a statement obtained from applicant's physician, social worker, or other health professional will be among factors considered in making this determination. The availability of a live-in attendant will be considered in making this determination.

In the event of the receipt of unfavorable information with respect to an applicant, consideration shall be given to the time, nature, and extent of the applicant's conduct and to factors which might indicate a reasonable probability of favorable future conduct or financial prospects.

The PHA may waive the policies prohibiting admission in these circumstances if the person demonstrates to the PHA 's satisfaction that the person is no longer engaging in illegal use of a controlled substance or abuse of alcohol and has successfully completed a supervised drug or alcohol rehabilitation program.

Prohibited Criteria for Denial of Admission

Applicants will NOT be rejected because:

- They have no income;
- They are not employed;
- They do not participate in a job training program;
- They will not apply for various welfare or benefit programs;
- They have children;
- They have children born out of wedlock;
- They are on welfare;
- They are students; or
- Of their actual or perceived:
 - Marital status;
 - Sexual orientation; or
 - Gender identity.

Resident Participation in the Screening Process

It is the PHA 's policy to encourage resident participation in the applicant intake and screening process. The PHA recognizes that screening is only part of the occupancy cycle, and for the PHA-resident partnership to be effective, work is required both before and after admission. Given this policy the PHA, in conjunction with its resident leaders, proposes the following areas of involvement:

- **Orientation for families in shelters.** The objective is to introduce shelter families to the PHA's screening requirements so that families with poor tenancy histories or no tenancy history can take actions to demonstrate that they meet PHA 's criteria for admission.
- **Home visits.** To work with residents to establish home visit inspection standards. To train residents on the standards and use residents along with the PHA staff to conduct home visits.
- **Applicant pre-occupancy orientation.** Attendance at pre-occupancy orientation is a requirement of the screening process. The PHA and its residents will develop the agenda for this orientation to include such issues as rent, house rules, lease provisions, security, social services, and utilities.

2-H. HEARINGS

If information is revealed that would cause the PHA to deny admission to the household and the person disputes the information, s/he shall be given an opportunity for an informal hearing according to the PHA's informal hearing procedures outlined in ~~Chapter 13, Complaints, Grievances and Appeals~~Chapter 17-2028, Hawaii Administrative Rules.

Chapter 4

TENANT SELECTION AND ASSIGNMENT PLAN

[24 CFR 960.204]

INTRODUCTION

It is the PHA's policy that each applicant shall be assigned an appropriate place on a jurisdiction- wide waiting list. Applicants will be listed in sequence based upon date and time the application is received, the size and type of unit they require, and factors of preference or priority. In filling an actual or expected vacancy, the PHA will offer the dwelling unit to an applicant in the appropriate sequence, with the goal of accomplishing deconcentration of poverty and income- mixing objectives. The PHA will offer the unit until it is accepted. This Chapter describes the PHA's policies with regard to the number of offers that will be made to applicants selected from the waiting list.

PHA's Objectives

PHA policies will be followed consistently and will affirmatively further HUD's fair housing goals.

It is the PHA's objective to ensure that families are placed in the proper order on the waiting list so that the offer of a unit is not delayed to any family unnecessarily or made to any family prematurely. This chapter explains the policies for the management of the waiting list.

When appropriate units are available, families will be selected from the waiting list in their preference-determined sequence.

By maintaining an accurate waiting list, the PHA will be able to perform the activities which ensure that an adequate pool of qualified applicants will be available to fill unit vacancies in a timely manner. Based on the PHA's turnover and the availability of appropriately sized units, groups of families will be selected from the waiting list to form a final eligibility "pool." Selection from the pool will be based on completion of verification.

4-A. MANAGEMENT OF THE WAITING LIST

The PHA will administer its waiting list as required by 24 CFR Part 5, Subparts E and F, 24 CFR 960 Subpart B. The waiting list will be maintained in accordance with the following guidelines:

- The application will be a permanent file.
- All applicants in the pool will be maintained in order of date and time of application receipt.
- Applications equal in preference will be maintained by date and time sequence.
- All applicants must meet applicable income eligibility requirements as established by HUD.

Opening and Closing the Waiting Lists

The PHA, at its discretion, may restrict application intake, suspend application intake, and close waiting lists in whole or in part. The PHA may open or close the list by local preference category.

The decision to close the waiting list will be based on the number of applications available for a particular size and type of unit, and the ability of the PHA to house an applicant in an appropriate unit within a reasonable period of time.

- When the PHA opens the waiting list, the PHA will advertise through public notice in the newspaper of general circulation and minority publications.

The notice will contain:

- The dates, times, and the locations where families may apply;
- Any system of waiting list offered by the PHA;
- The programs for which applications will be taken;
- A brief description of the program;
- Limitations, if any, on who may apply; and
- The closing date if the list is opened for only a limited time.

Upon request from a person with a disability, additional time will be given as an accommodation for submission of an application after the closing deadline. This accommodation is to allow persons with disabilities the opportunity to submit an application in cases when a social service organization provides inaccurate or untimely information about the closing date.

When Application Taking is Suspended

The waiting list may not be closed if it would have a discriminatory effect inconsistent with applicable civil rights laws.

During the period when the waiting list is closed, the PHA will not maintain a list of individuals who

wish to be notified when the waiting list is open.

Suspension of application taking is announced in the same way as opening the waiting list.

The open period shall be long enough to achieve a waiting list adequate to cover projected turnover over the next twenty-four (24) months. The PHA will give at least three (3) days' notice prior to closing the list. When the period for accepting applications is over, the PHA will add the new applicants to the list by:

- Date and time of application receipt.

The PHA will update the waiting list quarterly by removing the names of those families who are no longer interested, no longer qualify for housing, or cannot be reached by mail or telephone. At the time of initial intake, the PHA will advise families of their responsibility to notify the PHA when mailing address or telephone numbers change.

Reopening the List

If the waiting list is closed and the PHA decides to open the waiting list, the PHA will publicly announce the opening.

Any reopening of the list is done in accordance with the HUD requirements.

Even though there are enough applicants on the waiting list to fill the turnover within the next 24 months, if there are not enough applicants who claim a local preference, the PHA may elect to accept applications from applicants who claim a local preference ONLY and continue to keep the waiting list closed.

Limits on Who May Apply

When the waiting list is open.

Any family asking to be placed on the waiting list for Public Housing rental assistance will be given the opportunity to complete an application.

When the application is submitted to the PHA:

It establishes the family's date and time of application for placement order on the waiting list.

Multiple Families in Same Household

When families apply that consist of two families living together, (such as a mother and father and a daughter with her own husband or children), if they apply as a family unit, they will be treated as a family unit.

4-B. GEOGRAPHICAL BASED WAITING LISTS

The PHA offers a system of geographical area waiting lists.

Applicants may choose which geographical-based waiting list they wish to be placed on, regardless of the application site. Applicants may apply directly at or otherwise designate the geographical areas in which

they seek to reside.

When there are insufficient applicants on a geographical waiting list the PHA will contact applicants on other geographical area waiting lists who may qualify for the type of housing with insufficient applicants. "Insufficient applicants" on a list will be defined as enough families to fill vacancies for at least six (6) months, based on anticipated turnover at the development.

Every reasonable action will be taken by the PHA to assure that applicants can make informed choices regarding the project(s) in which they wish to reside. The PHA will disclose information to applicants regarding the location of available sites, occupancy number and size of accessible units. The PHA will also include basic information relative to amenities such as day care, security, transportation, training programs, and an estimate of the period of time the applicant will likely have to wait to be admitted to units of different types.

Monitoring Geographical Area Waiting Lists

The system geographical area waiting lists will be carefully monitored to assure that civil rights and fair housing are affirmatively furthered.

The PHA's adoption of geographical area waiting lists is not in violation of any court order or settlement agreement and is not inconsistent with any pending complaint brought by HUD.

The PHA will monitor its system of geographical waiting list at least bi-annually to assure that racial steering does not occur. If the PHA's bi-annual analysis of its geographical area waiting list indicates that a pattern of racial steering is or may be occurring, the PHA will take corrective action.

For purposes of this policy these are the geographical area waiting lists:

1. City and County of Honolulu
 - a. Honolulu (Red Hill to Palolo)
 - b. Central Oahu (Wahiawa to Waialua)
 - c. Windward Oahu
 - d. Leeward Oahu (Pearl City, Waipahu, Waianae, Nanakuli, Kapolei)
2. County of Hawaii
 - a. East Hawaii (Hilo, Honokaa to Ka'u)
 - b. West Hawaii (Kona, Kohala, Waimea)
3. County of Maui
 - a. East Maui (Kahului to Wailuku)
 - b. West Maui (Lahaina)
 - c. Molokai
4. County Kauai
 - a. East Kauai (Hanamaulu to Kapaa, Kilauea)
 - b. West Kauai (Koloa to Kekaha)

4-C. WAITING LIST PREFERENCES

A preference does not guarantee admission to the program. Preferences are used to establish the order of placement on the waiting list. Every applicant must meet the PHA's Selection Criteria as defined in this policy.

The PHA's preference system will work in combination with requirements to match the characteristics for the family to the type of unit available, including units with targeted populations, and further deconcentration of poverty in public housing. When such matching is required or permitted by current law, the PHA will give preference to qualified families.

Families who reach the top of the waiting list will be contacted by the PHA to verify their preference and, if verified, the PHA will complete a full application for occupancy. Applicants must complete the application for occupancy and continue through the application processing and may not retain their place on the waiting list if they refuse to complete their processing when contacted by the PHA.

Among applicants with equal preference status, the waiting list will be organized by date and time.

An applicant will not be granted any preference if any member of the family has been evicted from any federally assisted housing during the past two (2) years because of drug-related criminal activity.

The PHA will grant an exception to such a family if the responsible member has successfully completed a rehabilitation program.

If an applicant makes a false statement in order to qualify for a local preference, the PHA will deny admission to the program for the family

Local Preferences

The PHA uses the following Local Preferences pursuant to its PHA Plan:

These preferences shall be given first priority but have equal weight within this group:

Victims of domestic violence.

Actual or threatened physical violence directed against the applicant or the applicant's family by a spouse or other household member who lives in the unit with the family.

The actual or threatened violence must have occurred within the past 7 days or be of a continuing nature.

An applicant who lives in a violent neighborhood or is fearful of other violence outside the household is not considered involuntarily displaced.

To qualify for this preference, the abuser must still reside in the unit from which the victim was displaced. The applicant must certify that the abuser will not reside with the applicant unless the PHA gives prior written approval.

The PHA will approve the return of the abuser to the household under the following conditions:

- The PHA verifies that the abuser has received therapy or counseling that appears to minimize the likelihood of recurrence of violent behavior.
- A counselor, therapist or other knowledgeable professional recommends in writing that the individual be allowed to reside with the family.

If the abuser returns to the family without approval of the PHA, the PHA will deny or terminate assistance for breach of the certification.

The PHA will take precautions to ensure that the new location of the family is concealed in cases of domestic abuse.

Homeless families that are residing in transitional shelter for the homeless and who are in compliance with a social service plan.

An applicant who is a "Homeless Family" is considered to be living in substandard housing. "Homeless Families":

- Lack a fixed, regular, and adequate nighttime residence; and
- Have a primary nighttime residence that is a supervised public or private shelter providing temporary accommodations (including welfare hotels, congregate shelters and transitional housing) or an institution providing temporary residence for individuals intended to be institutionalized, or a public or private place not ordinarily used as a sleeping accommodation for human beings.

Homeless families may not maintain their place on the waiting list while completing a transitional housing program.

Families who are residing with friends or relatives on a temporary basis will not be included in the homeless definition.

Persons who reside as part of a family unit shall not be considered a separate household.

Involuntary displaced.

Involuntarily Displaced applicants are applicants who have been involuntarily displaced and are not living in standard, permanent replacement housing, or will be involuntarily displaced within no more than six months from the date of verification by the PHA. Standard replacement housing is defined as housing that is decent, safe, and sanitary according to local housing code that is adequate for the family size according to Housing Quality Standards, and that the family is occupying pursuant to a written or oral lease or occupancy agreement.

Standard replacement housing does not include transient facilities, hotels, motels, temporary shelters, and (in the case of Victims of Domestic Violence) housing occupied by the individual who engages in such violence. It does not include any individual imprisoned or detained pursuant to State Law or an Act of Congress.

Shared housing with family or friends is not considered temporary and is not considered standard replacement housing.

Families are considered to be involuntarily displaced if they are required to vacate housing as a result of:

1. A disaster (fire, flood, earthquake, etc.) that has caused the unit to be uninhabitable.
2. Federal, state, or local government action related to code enforcement, public

improvement, or development.

3. Action by a housing owner which is beyond an applicant's ability to control, and which occurs despite the applicant's having met all previous conditions of occupancy and is other than a rent increase.

If the owner is an immediate family relative and there has been no previous rental agreement and the applicant has been part of the owner's family immediately prior to application, the applicant will not be considered involuntarily displaced.

For purposes of this definitional element reasons for an applicant's having to vacate a housing unit include, but are not limited to:

- Conversion of an applicant's housing unit to non-rental or non-residential use;
- Closure of an applicant's housing unit for rehabilitation or non-residential use;
- Notice to an applicant that s/he must vacate a unit because the Owner wants the unit for the owner's personal or family use or occupancy;
- Sale of a housing unit in which an applicant resides under an agreement that the unit must be vacant when possession is transferred; or
- Any other legally authorized act that results, or will result, in the withdrawal by the owner of the unit or structure from the rental market.

Displacement by non-suitability of the unit when a member of the family has a mobility or other impairment that makes the person unable to use critical elements of the unit and the owner is not legally obligated to make changes to the unit.

Critical elements are:

- Entry and egress of unit and building;
- A sleeping area;
- A full bathroom; and
- A kitchen if the person with a disability must do their own food preparation

Due to HUD disposition of a multifamily project under Section 203 of the Housing and Community Development Amendments of 1978.

These preferences shall be given second priority but have equal weight within this group:

Living in substandard housing.

Applicants who live in substandard housing are families whose dwelling meets one or more of the following criteria:

- Is dilapidated, and does not provide safe, adequate shelter; has one or more critical defects or a combination of defects requiring considerable repair; endangers the health, safety, and well-being of family.
- Does not have operable indoor plumbing.
- Does not have usable flush toilet in the unit for the exclusive use of the family.
- Does not have usable bathtub or shower in unit for exclusive family use.
- Does not have adequate, safe electrical service.
- Does not have an adequate, safe source of heat.
- Should, but does not, have a kitchen. (Single Room Occupancy [SRO] Housing is not substandard solely because it does not contain sanitary and/or food preparation facilities in the unit).
- Has been declared unfit for habitation by a government agency.
- Is overcrowded according to HQS local code.
- Applicants living in Public Housing or publicly assisted housing shall not be denied this preference if unit meets the criteria for the substandard preference.

Paying more than fifty per cent of annual income for rent.

Families paying more than 50% of their income for rent and utilities for at least 90 days and continuing through the verification of preference will receive this preference.

For purposes of this preference, "Family Income" is Gross Monthly Income as defined in the regulations.

"Rent" is defined as the actual amount due under a lease or occupancy agreement calculated on a monthly basis without regard to the amount actually paid, plus the monthly amount of tenant-supplied utilities which can be either:

- The PHA's reasonable estimate of the cost of such utilities, using the Section 8 Utility Allowance Schedule; or
- The average monthly payments the family actually made for these utilities in the most recent 12-month period, or if information is not obtainable for the entire period, the average of at least the past three (3) months.

An applicant family may choose which method to use to calculate utilities expense. Any amounts paid to or on behalf of a family under any energy assistance program must be subtracted from the total rent burden if included in Family Income.

To qualify for the Rent Burden preference, the applicant must pay rent directly to the landlord or agent.

If the applicant pays their share of rent to a cohabitant and is not named on the lease, the PHA will require both verification from the Landlord that the applicant resides in the unit, and verification from the cohabitant of the amount of rent paid by the applicant.

If the applicant is subletting, the lessor must have the legal right to sublet.

Members of a cooperative are "renters" for the purposes of qualifying for the preference. In this case, "Rent" would mean the charges under the occupancy agreement.

These other preferences have equal weight within this group:

Veterans and veterans' surviving spouses.

"Veteran" means a person who has served in the active military or naval service of the United States at any time and who has been discharged or released from active duty under conditions other than dishonorable;

Residents who live and/or work in the jurisdiction (by county).

The counties include the County of Maui, Hawaii, Kauai and City and County of Honolulu.

Families that contribute to meeting the PHA's income targeting requirements.

Victims of reprisals or hate crimes.

To avoid reprisals because the family provided information on criminal activities to a law enforcement agency and, after a threat assessment, the law enforcement agency recommends rehousing the family to avoid or reduce risk of violence against the family.

The family must be part of a Witness Protection Program, or the HUD Office or law enforcement agency must have informed the PHA that the family is part of a similar program.

The PHA will take precautions to ensure that the new location of the family is concealed in cases of witness protection.

By hate crimes if a member of the family has been the victim of one or more hate crimes, and the applicant has vacated the unit because of the crime or the fear of such a crime has destroyed the applicant's peaceful enjoyment of the unit.

A hate crime is actual or threatened physical violence or intimidation that is directed against a person or his property and is based on the person's race, color, religion, sex, national origin, disability, or familial status (including sexual orientation) and occurred within the last [number of] days or is of a continuing nature.

Working families and those unable to work because of age or disability.

Working families are families with at least one adult who is employed and has been employed for twelve (12) months. This preference is extended equally to an applicant whose head or spouse are age 62 or older or are receiving social security disability, supplemental security income disability benefits, or any other payments based on an individual's inability to work.

Treatment of Single Applicants

All families with children, elderly families and disabled families will have an admission preference over "Other Singles".

Singles Preference

Applicants who are elderly, disabled, or displaced households of no more than two persons will be given a selection priority over all "Other Single" applicants regardless of preference status.

"Other Singles" denotes a one-person household in which the individual member is neither elderly, disabled, or displaced by government action. Such applicants will be placed on the waiting list in accordance with their preferences but cannot be selected for assistance before any one- or two-person elderly, disabled or displaced family regardless of local preferences.

4-D. FACTORS OTHER THAN PREFERENCES THAT AFFECT SELECTION OF APPLICANTS

Before applying its preference system, the PHA will first match the characteristics of the available unit to the applicants available on the waiting lists. Factors such as unit size, accessible features, deconcentration or income mixing, income targeting, or units in housing designated for the elderly limit the admission of families to those characteristics that match the characteristics and features of the vacant unit available.

By matching unit and family characteristics, it is possible that families who are lower on the waiting list may receive an offer of housing ahead of families with an earlier date and time of application.

Any admission mandated by court order related to desegregation or Fair Housing and Equal Opportunity will take precedence over the Preference System. Other admissions required by court order will also take precedence over the Preference System. If permitted by the court order, the PHA may offer the family a housing voucher.

4-E. INCOME TARGETING

The PHA will monitor its admissions to ensure that at least 40 percent of families admitted to public housing in each fiscal year shall have incomes that do not exceed 30% of area median income of the PHA's jurisdiction.

Hereafter families whose incomes do not exceed 30% of area median income will be referred to as "extremely low-income families."

The PHA shall have the discretion, at least annually, to exercise the "fungibility" provision of the QHWR by admitting less than 40 percent of "extremely poor families" to public housing in a fiscal year to the extent that the PHA has provided more than 75 percent of newly available vouchers and certificates to "extremely poor families". This fungibility provision discretion by the PHA is also reflected in the PHA's Administrative Plan.

The fungibility credits will be used to drop the annual requirement below 40 percent of admissions to public housing for extremely poor families by the lowest of the following amounts:

The number of units equal to 10 percent of the number of newly available vouchers and certificates in the fiscal year; or

The number of public housing units that 1) are in public housing projects located in census tracts having a poverty rate of 30% or more, and 2) are made available for occupancy by and actually occupied in that year by, families other than extremely low- income families.

The Fungibility Floor: Regardless of the above two amounts, in a fiscal year, at least 30% of the PHA's admissions to public housing will be to extremely low-income families. The fungibility floor is the number of units that cause the PHA's overall requirement for housing extremely low- income families to drop to 30% of its newly available units.

Combining Low and Very Low-Income Family Admissions

Once the PHA has exceeded the 40% targeted income requirement for new admissions of extremely low-income families, the PHA will fill the remaining 60% of its new admission units with both low and very low-income families.

4-F. UNITS DESIGNATED FOR THE ELDERLY

In accordance with the 1992 Housing Act, elderly families with a head, spouse or sole member at least 62 years of age may receive a preference for admission to such units or buildings covered by a HUD-approved Allocation Plan, except for the units which are accessible, which may be offered to persons with disabilities.

The PHA may take the following action when processing families for developments designated for the elderly:

- When there are insufficient elderly families who wish to reside in a development, near- elderly families (head or spouse ages 50-61) receive a preference for this type of unit.
- When there are insufficient elderly or near-elderly families who wish to reside in a development, and units are ready for leasing more than 60 days, all other family types are eligible for such units.
- Families with members who require a unit with accessible features may receive preference for such units over families who do not require such features.

Procedure to Be Used When There Are Insufficient Applicants on the List

When there are insufficient applicants on the waiting list for the elderly-designated development, the development will contact applicants on other waiting lists to determine their interest in applying for the waiting list of the development with insufficient applicants on it. If an interested elderly family is located, the housing management staff of the development with no waiting list will place the applicant on its waiting list, also, and contacted to verify their preference and complete a full application when their name is close to the top of the waiting list.

Where the PHA anticipates that there are insufficient elderly or near-elderly families on the waiting list

for these units the PHA will notify local senior service centers and local media sources aimed at the elderly] to recruit elderly families for the waiting list for these projects.

When there are no elderly applicants from other sites interested in the elderly-designated development, after conducting outreach, near-elderly applicants who are 50-62 years of age can be admitted to the elderly-designated development. If there are no near-elderly applicants on the list, the development housing management staff will contact near elderly applicants on other development lists to determine interest and add to their list, if applicable.

When there are no near-elderly applicants from other sites interested in the elderly-designated development, after conducting outreach, single applicants who are below 50 years of age can be admitted to the elderly-designated development.

4-G. UNITS DESIGNATED FOR THE DISABLED

In accordance with the 1992 Housing Act, disabled families with a head, spouse or sole member who qualifies as a person with disabilities as defined in 24 CFR 945.105 will receive a preference for admission to units that are covered by a HUD-approved Allocation Plan.

The PHA has units designed for persons with mobility, sight, and hearing impairments (referred to as accessibility units). These units were designed and constructed specifically to meet the needs of persons requiring the use of wheelchairs and persons requiring other modifications.

Preference for occupancy of these units will be given to families with disabled family members who require the modifications or facilities provided in the units.

4-H. MIXED POPULATION UNITS

A mixed population project is a public housing project or portion of a project that was reserved for elderly families and disabled families at its inception (and has retained that character).

In accordance with the 1992 Housing Act, elderly families whose head spouse or sole member is at least 62 years of age, and disabled families whose head, co-head or spouse or sole member is a person with disabilities, will receive equal preference to such units.

No limit will be established on the number of elderly or disabled families that may occupy a mixed population property. All other PHA preferences will be applied.

4-I. GENERAL OCCUPANCY UNITS

General occupancy units are designed to house all populations of eligible families. In accordance with the PHA's occupancy standards, eligible families not needing units designed with special features or units designed for special populations will be admitted to the PHA's general occupancy units.

The PHA will use its local preference system as stated in this chapter for admission of eligible families to its general occupancy units.

All families with children, elderly families, and disabled families, will have an admission preference over

"Other Singles."

The PHA will treat all single applicants who are not elderly or disabled as they would any other family for admission purposes.

4-J. DECONCENTRATION OF POVERTY AND INCOME-MIXING

It is the intent of the PHA to promote adequate and affordable housing, economic opportunity and a suitable living environment free of discrimination. Tenant selection and assignment for federal public housing shall be made without regard to race, color, religion, ancestry/national origin, sex, familial status, physical or mental disability, marital status, age, or HIV infection. To improve community quality of life and economic vitality, the PHA will implement measures to provide for deconcentration of poverty and income-mixing. The PHA will bring higher income tenants into lower income developments and lower income tenants into higher income developments. Additionally, the PHA will support measures to raise the income of households that currently reside in federal public housing. All measures and incentives that are undertaken to accomplish deconcentration and income-mixing will be uniformly applied.

The PHA's admission policy is designed to provide for deconcentration of poverty and income-mixing by bringing higher income tenants into lower income projects and lower income tenants into higher income projects.

Gross annual income is used for income limits at admission and for income-mixing purposes.

Skipping of a family on the waiting list specifically to reach another family with a lower or higher income is not to be considered an adverse action to the family. Such skipping will be uniformly applied until the target threshold is met.

The PHA will gather data and analyze, at least annually, the tenant characteristics of its public housing stock, including information regarding tenant incomes, to assist in the PHA's deconcentration efforts.

The PHA will use the gathered tenant incomes information in its assessment of its public housing developments to determine the appropriate designation to be assigned to the project for the purpose of assisting the PHA in its deconcentration goals.

If the PHA's annual review of tenant incomes indicates that there has been a significant change in the tenant income characteristics of a particular project, the PHA will evaluate the changes to determine whether. Based on the PHA methodology of choice, the project needs to be redesignated as a higher or lower income project or whether the PHA has met the deconcentration goals and the project needs no particular designation.

Deconcentration and Income-Mixing Goals

Admission policies related to the deconcentration efforts of the PHA do not impose specific quotas. Therefore, the PHA will not set specific quotas, but will strive to achieve deconcentration and income-mixing in its developments.

The PHA's income-mixing goal is a long-range goal and may not be achieved in the first year of implementation. The PHA will use its annual analysis of its public housing stock and tenant incomes to provide benchmarks for the PHA.

The PHA will add additional sites to its deconcentration goals each year until it has met its desired goal for all of its developments.

Project Designation Methodology

The PHA will determine and compare tenant incomes at the developments listed in this Chapter.

Upon analyzing its findings, the PHA will apply the policies, measures and incentives listed in this Chapter to bring higher income families into lower income developments and lower income families into higher income developments.

The PHA's goal is to have eligible families having higher incomes occupy dwelling units in projects predominantly occupied by eligible families having lower incomes, and eligible families having lower incomes occupy dwelling units in projects predominantly occupied by eligible families having higher incomes.

Families having lower incomes include very low- and extremely low-income families.

When selecting applicant families and assigning transfers for a designated project the PHA will determine whether the selection of the family will contribute to the PHA's deconcentration goals.

The PHA will not select families for a particular project if the selection will have a negative effect on the PHA's deconcentration goals. However, if there are insufficient families on the waiting list or transfer list, under no circumstances will a unit remain vacant longer than necessary.

Method No. 1 - Aggregate Average Method

- The PHA will review the annual resident income of all family sites in the various county jurisdiction and using the incomes of all families in the targeted developments as a baseline, determine the average income of all of its resident families.
- The PHA will designate higher income developments those with average income above the aggregate average.
- The PHA will designate lower income developments those with average income below the aggregate average.

PHA Incentives for Higher Income Families

The PHA will offer certain incentives to higher income families willing to move into lower income projects. The PHA will not take any adverse action against any higher income family declining an offer by the PHA to move into a lower income project.

In addition to maintaining its public housing stock in a manner that is safe, clean, well landscaped and attractive, the PHA may offer the following incentives for higher income families moving into lower income projects:

- PHA may pay for the installation of cable television.

- PHA may pay for the installation of telephone service.
- PHA may pay for utilities hookup.

4-K. VERIFICATION OF PREFERENCE QUALIFICATION [24 CFR 5.415]

The family may be placed on the waiting list upon their certification that they qualify for a preference. When the family is selected from the waiting list for the final determination of eligibility, the preference will be verified.

The PHA will verify all preference claims at the time they are made.

The PHA will re-verify a preference claim, if the PHA feels the family's circumstances have changed, at time of selection from the waiting list.

If the preference verification indicates that an applicant does not qualify for the preference, the applicant will be returned to the waiting list and ranked without the Local Preference and given an opportunity for a review.

If at the time the family applied, the preference claim was the only reason for placement of the family on the waiting list and the family cannot verify their eligibility for the preference as of the date of application, the family will be removed from the list.

When the PHA anticipates that the family will be notified in the near future to complete a full application, the family will be sent a Preference Verification letter to the applicant's last known address, requesting verification of the family's preference. The PHA will verify the preference before the applicant's interview is conducted.

Change in Circumstances

Changes in an applicant's circumstances while on the waiting list may affect the family's entitlement to a preference. Applicants are required to notify the PHA in writing when their circumstances change. When an applicant claims an additional preference, s/he will be placed on the waiting list in the proper order of their newly claimed preference.

4-L. PREFERENCE DENIAL [24 CFR 5.415]

If the PHA denies a preference, the PHA will notify the applicant in writing of the reasons why the preference was denied and offer the applicant an opportunity for an informal meeting. The applicant will have 14 days to request the meeting in writing/or by phone. If the preference denial is upheld as a result of the meeting, or the applicant does not request a meeting, the applicant will be placed on the waiting list without benefit of the preference. Applicants may exercise other rights if they believe they have been discriminated against.

If the applicant falsifies documents or makes false statements in order to qualify for any preference, they will be removed from the waiting list with notification to the family.

4-M. OFFER OF PLACEMENT ON THE SECTION 8 WAITING LIST

The PHA will not merge the waiting lists for public housing and Section 8. However, if the Section 8 waiting list is open when the applicant is placed on the public housing list, the PHA must offer to place the family on both lists. If the public housing waiting list is open at the time an applicant applies for Section 8, the PHA must offer to place the family on the public housing waiting list.

4-N. REMOVAL FROM WAITING LIST AND PURGING [24 CFR 960.204(a)]

An applicant will be removed from the waiting list if:

- The applicant requests the applicant's name be removed;
- The applicant fails to notify the HPHA of applicants continued interest in housing at least once every 12 months;
- The applicant no longer meets eligibility criteria;
- The applicant fails to respond to HPHA's reasonable contact efforts. Correspondence to the last known address will constitute reasonable effort to contact.
- The applicant fails without good cause to keep a scheduled interview or to provide requested information necessary to determine eligibility; or
- The applicant misrepresents any material information to the HPHA in the application or otherwise.

4-O. OFFER OF ACCESSIBLE UNITS

The PHA has units designed for persons with mobility, sight, and hearing impairments, referred to as accessible units.

No non-mobility impaired families will be offered these units until all eligible mobility-impaired applicants have been considered.

Before offering a vacant accessible unit to a non-disabled applicant, the PHA will offer such units:

To an eligible qualified applicant on the waiting list having a disability that requires the special features of the vacant unit.

When offering an accessible/adaptable unit to a non-disabled applicant, the PHA will require the applicant to agree to move to an available non-accessible unit within 30 days when either a current resident or an applicant needs the features of the unit and there is another unit available for the applicant. This requirement will be a provision of the lease agreement.

(See Chapter 9, Leasing)

4-P. PLAN FOR UNIT OFFERS

The selection of applicants and assignment of dwelling units will assure equal opportunity and non-discrimination on grounds of race, color, sex, religion, marital status, creed, national or ethnic origin, age, familial status, handicap or disability or HIV infection.

The PHA will offer a unit of the appropriate size to the first qualified applicant in sequence on the waiting list. The applicant will be afforded 3 offers of a suitable unit before they are removed from the waiting list.

The PHA will maintain a record of units offered, including location, date, and circumstances of each offer. each acceptance or rejection, including the reason for the rejection.

4-Q. CHANGES PRIOR TO UNIT OFFER

Changes that occur during the period between removal from the waiting list and an offer of a suitable unit may affect the family's eligibility or Total Tenant Payment. The family will be notified in writing of changes in their eligibility or level of benefits and offered their right to an informal hearing when applicable (See Chapter ~~on Complaints, Grievances, and Appeals~~ [17-2028, Hawaii Administrative Rules, for the HPHA's informal hearing procedures](#))

4-R. APPLICANT STATUS AFTER FINAL UNIT OFFER

When an applicant rejects the final unit offer, the PHA will remove the applicant's name from the waiting list. Removal from the waiting list means the applicant must reapply.

4-S. TIME-LIMIT FOR ACCEPTANCE OF UNIT

Applicants must accept a unit offer within three (3) working days of the date the offer is made. Offers made over the telephone will be confirmed by letter. If unable to contact an applicant by telephone, the PHA will send a letter.

Applicants Unable to Take Occupancy

If an applicant is willing to accept the unit offered but is unable to take occupancy at the time of the offer for "*good cause*," the applicant will not be removed from the waiting list. Examples of "*good cause*" reasons for the refusal to take occupancy of a housing unit include, but are not limited to:

- An elderly or disabled family makes the decision not to occupy or accept occupancy in designated housing. [24 CFR 945.303(d)];
- Inaccessibility to source of employment or children's day care such that an adult household member must quit a job or drop out of an educational institution or a job training program;
- Presence of lead paint in the unit offered when the applicant has children under the age specified by current law;
- The family demonstrates to the PHA's satisfaction that accepting the offer will result in a

situation where a family member's life, health or safety will be placed in jeopardy. The family must offer specific and compelling documentation such as restraining orders, other court orders, or risk assessments related to witness protection from a law enforcement agency. The reasons offered must be specific to the family. Refusals due to the location of the unit alone are not considered to be good cause.

- A qualified, knowledgeable, health professional verifies the temporary hospitalization or recovery from illness of the principal household member, other household members, or a live-in aide necessary to care for the principal household member.
- The unit is inappropriate for the applicant's disabilities.

Applicants With a Change in Family Size or Status

Changes in family composition, status, or income between the time of the interview and the offer of a unit will be processed. The PHA shall not lease a unit to a family whose occupancy will overcrowd or underutilize the unit.

The family will take the appropriate place according to the date they first applied.

4-T. REFUSAL OF OFFER

If the unit offered is inappropriate for the applicant's disabilities, the family will retain their position on the waiting list.

If the unit offered is refused for other reasons, the PHA will follow the applicable policy as listed in sections 4-N. and 4-O.

4-U. PERMANENT DENIAL OF MANUFACTURERS/PRODUCERS OF METHAMPHETAMINES AND SEX OFFENDERS

The PHA will permanently deny admission to persons who are:

- Subject to lifetime registration requirements under a state sex offender's lifetime registration program; or
- Convicted of manufacturing/distributing methamphetamines ("speed or ice").