OFFICIAL STATEMENT

NEW ISSUE – Book-Entry Only

RATING: S&P "AA+"
SEE "RATING" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel to the Issuer, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. In the further opinion of Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Co- Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$15,618,000
California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A

Interest Rate: 3.55%
Offering Price: 100%
Maturity Date: October 1, 2034

CUSIP: 13048V DX3

The California Municipal Finance Authority (the "Issuer") is issuing its Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A (the "Bonds") under and pursuant to an Indenture of Trust dated as of September 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of $1,000 and integral multiples of $1.00 in excess thereof. Purchasers will not receive physical certificates representing their interest in Bonds purchased. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under "APPENDIX F -BOOK-ENTRY SYSTEM" herein.

The Bonds will be issued to finance the acquisition, rehabilitation and equipping of a low and moderate income multifamily rental housing facility through the purchase by the Trustee of a single mortgage pass-through certificate (the "MBS") guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association, if and when issued. The aggregate principal amount, aggregate face amount (if different), maturity date, interest rate and delivery date for the Bonds shall be as set forth in the Indenture and shall be described, together with the initial reoffering price, if applicable, in a Supplement to this Official Statement delivered by the Issuer in connection with the sale of the Bonds.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Revenue Bonds (One Church Street), 2018 Series B in the principal amount of $13,880,000 (the "2018 Series B Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. Any payment obligations of the Borrower with respect to the 2018 Series B Bonds are subordinate to the Bonds. The 2018 Series B Bonds are not being offered pursuant to this Official Statement. Closing of the Bonds is contingent on the closing of the 2018 Series B Bonds.

Interest on the Bonds is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the MBS. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under "APPENDIX F – BOOK-ENTRY SYSTEM" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE HEREUNDER. NONE OF THE ISSUER, ANY ISSUER MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE. NEITHER THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

THE ISSUER SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, REDEMPTION PRICE OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE FINANCING AGREEMENT.

The Bonds are offered when, as and if received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Berkeley, California, Co-Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsel, Lubin Olson & Niewiadomski LLP, San Francisco, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.

STIFEL

Date: September 18, 2018

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

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OFFICIAL STATEMENT

$15,618,000
California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the $15,618,000 Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A (the "Bonds") issued by the California Municipal Finance Authority (the "Issuer"). The Bonds will be issued pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code, together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as the same may be amended (collectively, the "Act"), and that certain resolution of the Issuer adopted on August 10, 2018 (the "Bond Resolution") and secured by an Indenture of Trust, dated as of September 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to the Indenture and the Financing Agreement, dated as of September 1, 2018 (the "Financing Agreement"), among the Issuer, the Trustee, and Hermann Street Associates, L.P, a California limited partnership (together with its successors and assigns, the "Borrower"), the Issuer is issuing the Bonds for the purpose of providing funds to make a loan to the Borrower to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating, and equipping a 93-unit multifamily residential rental project to be known as One Church Street (the "Project") in the City of San Francisco, California (the "State"), as further described in the Term Sheet attached as APPENDIX H (the "Term Sheet") to this Official Statement, by using the proceeds thereof to provide financing for the MBS (as defined below) guaranteed by the Federal National Mortgage Association ("Fannie Mae").

All capitalized terms used in this Official Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture.

The Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") have entered into a Bond Purchase Agreement (the "Bond Purchase Agreement"), pursuant to which the Issuer will agree to sell the Bonds to the Underwriter. The Bonds will be issued to finance the Project through the purchase of a single mortgage pass-through certificate (the "MBS") guaranteed as to principal and interest by Fannie Mae, if and when issued. The MBS will not be available for purchase on the date of issuance of the Bonds (the "Closing Date") but is expected to be available for acquisition by the Trustee prior to the MBS Delivery Date Deadline, as specified in the Term Sheet. The MBS will be backed by a sixteen-year, fixed-rate mortgage loan (the "Mortgage Loan") secured by a mortgage constituting a first lien on the Project. The Mortgage Loan will be made to the Borrower as mortgagor and owner of the Project on the Closing Date. See "THE MORTGAGE LOAN," "APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

Prior to the date of delivery by Fannie Mae of the MBS (the "MBS Delivery Date"), the Bonds will be cash collateralized with (i) the proceeds of the Bonds equal to the principal amount thereof deposited with the Trustee in the Bond Proceeds Fund established under the Indenture and (ii) proceeds of the Mortgage Loan and accrued interest paid on the Bonds deposited with the Trustee in the Revenue Fund established under the Indenture in an amount equal to the interest at the pass-through rate expected on the MBS from the Bond Dated Date (as specified in the Term Sheet) to, but not including, the date that is five (5) Business Days after the MBS Delivery Date Deadline (collectively, the "Cash Collateral"). Upon delivery of the MBS, the Cash Collateral will be used by the Trustee to purchase the MBS which will then secure the payment of the Bonds. On or prior to the Closing Date, Fannie Mae will enter into a commitment with Prudential Multifamily Mortgage, LLC, a Delaware limited liability company (the "Lender"), the Fannie Mae-approved lender of the Mortgage Loan, to deliver the MBS to the Trustee for purchase. The commitment to deliver the MBS is subject to the satisfaction of certain requirements and preconditions and does not extend to the benefit of any other third party, including the beneficial owners of the Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied. If such conditions are not satisfied by the MBS Delivery Date Deadline, the Bonds will be subject to mandatory redemption on the date that is five (5) Business Days after the MBS Delivery Date Deadline.

The transaction entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

The face amount of the Bonds will equal the face amount of the MBS, which is equal to the original aggregate principal amount of the Mortgage Loan. The principal amount of the Bonds will equal from time to time the then-current principal amount of the MBS, which will equal from time to time the product of the original aggregate principal amount of the Mortgage Loan and the then-applicable factor posted by Fannie Mae as the Mortgage Loan amortizes or is prepaid (the "MBS Factor"). With respect to the MBS guaranteed by Fannie Mae ("Fannie Mae Certificates"), Related Factors will be published by Fannie Mae. As of the date of this Official Statement, factors for mortgage-pass through certificates guaranteed by Fannie Mae are posted at https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html.

Simultaneously with the issuance of the Bonds, the Issuer will issue its Multifamily Housing Revenue Bonds (One Church Street) 2018 Series B in the principal amount of $13,880,000 (the "2018 Series B Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. Any payment obligations of the Borrower with respect to the 2018 Series B Bonds are subordinate to the Bonds. The 2018 Series B Bonds are not being offered pursuant to this Official Statement. The Bond Purchase Agreement provides that closing of the Bonds is contingent on the closing of the 2018 Series B Bonds.

The interest rate on each Bond will equal the interest rate (the "Pass-Through Rate") on the MBS. Payments on the MBS will be remitted to the Trustee. Interest on the Bonds is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the MBS. Accordingly, principal and interest payments are expected to be paid to Bond owners on the 26th day of each month (or on the next succeeding Business Day if any such 26th day is not a Business Day) commencing October 26, 2018.

The Bonds are limited obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture of the Trust Estate, consisting of revenues from the MBS (the "MBS Revenues") and the funds pledged therefor under the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, ANY ISSUER MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE. NEITHER THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

THE ISSUER SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, REDEMPTION PRICE OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE FINANCING AGREEMENT.

Descriptions, certain definitions and final terms of the Bonds, the Borrower, the Project, the Mortgage Loan and the MBS, are included in the Term Sheet. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture and the Financing Agreement are available for inspection at the

office of the Issuer. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the "MSRB"). For a description of the Borrower's undertaking with respect to ongoing disclosure, see "CONTINUING DISCLOSURE" herein.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.

Under provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, (the "JPA Act"), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the "JPA Agreement") forming the Issuer for the purpose of exercising powers common to the members and exercising the additional powers granted to the Issuer by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Issuer may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act or any other applicable law.

The Issuer may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Bond Documents, and the holders of such other obligations of the Issuer will have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Issuer.

Neither the Issuer nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and the section entitled "NO LITIGATION - THE ISSUER." The Issuer does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Borrower has been undertaken solely by the Borrower. See "CONTINUING DISCLOSURE" herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR. NO RECOURSE SHALL BE HELD AGAINST ANY COMMISSIONER, DIRECTOR, MEMBER OR OFFICER, AS SUCH, OF THE ISSUER FOR THE PAYMENT UPON ANY SUCH BONDS.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the denominations of $1,000 and integral multiples of $1.00 in excess thereof. The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive bonds representing their interest in the Bonds purchased. See "APPENDIX F – BOOK-ENTRY SYSTEM."

The final maturity date of the Bonds will be the Bond Maturity Date, subject to final payment of principal with respect to the MBS Maturity Date, which will be passed through to the Bondholders on the Final Payment Date. The Bonds will bear interest from their dated date at the Pass-Through Rate. Interest on the Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

Following the MBS Delivery Date, principal and interest will be payable for the Bonds on the Business Day following the receipt by the Trustee of a payment of principal or interest, as applicable, on the MBS and will be in amounts equal to the payments received by the Trustee under the MBS, if any, as described in the following paragraphs.

On the first Business Day following receipt of a payment representing interest or of principal payments or repayments, as applicable, and premium, if any, under an MBS, the Trustee will pay to the Bondholders the amount so received as a payment of interest, principal payments or premium, if any, as applicable, on the Bonds. All payments of principal and interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount

of each Bond owned by each such owner as set forth on the records of the Trustee at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (each a "Record Date").

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. See "APPENDIX F – BOOK-ENTRY SYSTEM." *So long as Cede & Co. is the registered owner of the Bonds, all references in this Official Statement to the owners or holders of the Bonds, means Cede & Co. and not the Beneficial Owners of the Bonds.*

MBS Payments

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

For purposes of distribution, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. See also "APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

Mandatory Redemption of Bonds

Mandatory Redemption from Principal Payments or Prepayments. The Bonds are subject to mandatory redemption in the amounts and one Business Day after the dates (i) principal payments are received pursuant to the MBS at a price equal to 100% of the principal amount received pursuant to the MBS, plus interest received pursuant to the MBS or (ii) prepayments are received with respect to the MBS, at a price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS,. Notwithstanding the Indenture, no prior notice shall be a prerequisite to the effectiveness of any redemption under the Indenture which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to the Indenture required by the notice of redemption provisions of the Indenture.

Mandatory Redemption prior to MBS Delivery Date. The Bonds are subject to mandatory redemption on any Payment Date on or prior to the month in which the MBS Delivery Date occurs in an amount equal to the Mortgage Loan amortization scheduled on the first day of the month of such Payment Date from amounts on deposit in the Bond Proceeds Fund.

Mandatory Redemption upon Failure to Purchase the MBS. The Bonds are subject to mandatory redemption in whole five (5) Business Days after the MBS Delivery Date Deadline (as such date may be extended as described in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Extension of MBS Delivery Date Deadline") at a redemption price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred (or the Closing Date, if no Payment Date has occurred) to the redemption date, if the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, from money on deposit in the Revenue Fund.

Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds its proportional interest in the Pass-Through

Certificate based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture.

Transfer of Bonds

While DTC is securities depository for book-entry Bonds, the transfer of beneficial ownership of Bonds shall take place as described in "APPENDIX F – BOOK-ENTRY SYSTEM." If DTC were to terminate its status as securities depository for the Bonds and, as a result, Bonds were no longer book-entry securities, no transfer of a Bond will be made unless made upon the records of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the Bond or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Bond, the Issuer shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully registered Bond, of the same series, aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond.

At all times, the Issuer and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the records of the Issuer as the absolute owner of such Bond, whether such Bond shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Optional Exchange of Bonds for MBS

A Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached to the Indenture or such other form as may be approved by the Trustee (the "Request Notice"), to exchange Bonds for a like principal amount of the MBS originated by such Bonds from the trust estate, provided, that (i) the MBS will be, when delivered, in an original face amount equal to $1,000 or a multiple of $1.00 in excess thereof, and (ii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least five (5) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall immediately provide a copy to the Issuer and the Lender. The Issuer shall then have up to four (4) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner of the Bonds its proportional interest in the MBS based upon such Beneficial Owner's proportional interest in the Bond or (ii) redeem the Beneficial Owner's Bonds for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date. Any failure of the Issuer to provide direction within the period set forth in the prior sentence shall be deemed a direction to deliver the MBS in lieu of redeeming the Bonds. Immediately upon receiving the Issuer's direction, the Trustee shall notify such Beneficial Owner of the Issuer's direction. Upon receipt of any Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged or redeemed, which will not be reissued.

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

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

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

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

In the event that the Issuer elects to deliver the MBS in lieu of redeeming the Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner, the Trustee's beneficial ownership interest in the MBS promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Bonds being exchanged and (ii) payment by the requesting owner of the Trustee's exchange fee ($1,000 as of the date of the Indenture) with respect to such Bonds.

Such MBS will be (1) in book-entry form, (2) subject to any applicable disclosure requirements concerning pass-through certificates that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations and (3) transferred in accordance with current market practices, including the applicable provisions of the SIFMA's *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Bonds to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

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

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any exchange or redemption of Bonds effected pursuant to the related provisions of the Indenture or (ii) any of the costs or expenses hereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge

In order to secure the payment of the principal of and interest on the Bonds, the Issuer has pledged to the trust estate for the Bonds, subject to terms and provisions of the Indenture, the following:

(i) All right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund held under the Indenture to be funded at closing in an amount equal to the principal amount of the Bonds;

(ii) The MBS, if issued by Fannie Mae and acquired by the Trustee in exchange for amounts on deposit in the Bond Proceeds Fund;

(iii) All right, title and interest of the Issuer in, to and under the Financing Agreement (except Reserved Rights) and the Regulatory Agreement;

(iv) All MBS Revenues; and

(v) All other property subject to the lien of the Indenture.

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

The Bonds initially will be secured by the following amounts on deposit with the Trustee under the Indenture (i) the proceeds received from the sale of the Bonds in an amount equal to the original principal amount of the Bonds and interest thereon, if any, from the Bond Dated Date to the Closing Date and (ii) Eligible Funds in an amount equal to the Negative Arbitrage Deposit constituting an amount at least equal to the amount of accrued interest on the Bonds

from the Closing Date to the MBS Delivery Date Deadline. The Trustee will use such amounts to acquire, if and when issued, an MBS, backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae, upon satisfaction of the conditions set forth in the Indenture and upon satisfaction of the conditions precedent to the issuance of the MBS and compliance with the commitment between Fannie Mae and the Lender.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee prior to the First Payment Date as set forth in the Term Sheet and in any event prior to the MBS Delivery Date Deadline, as the MBS Delivery Date Deadline may be extended as provided in the Indenture. Following the acquisition of the MBS by the Trustee, if issued, payments of principal and interest on the Bonds will be payable on the immediately following Payment Date on the Bonds of the principal and interest payments received by the Trustee on the MBS.

If the MBS is not acquired by the Trustee prior to the MBS Delivery Date Deadline (as such date may be extended as described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Extension of MBS Delivery Date Deadline") the Bonds will be redeemed by the Trustee under the Indenture as described in "DESCRIPTION OF THE BONDS – Mandatory Redemption of Bonds – Mandatory Redemption upon Failure to Purchase the MBS."

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Hermann Street Associates, L.P., a California limited partnership (the "Borrower"). The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project. The Borrower's general partner is Hermann Street Associates, LLC, a California limited liability company (the "General Partner").

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

Investor Limited Partner

Shortly after the issuance of the Bonds, the Borrower expects to admit MCC Housing LLC, a California limited liability company (the "Investor Limited Partner") to the Borrower as a limited partner with a 99.99% ownership interest in the Borrower. The funding of the federal low income housing tax credit equity by the Investor Limited Partner is expected to total approximately $19,471,810. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

Limited Assets and Obligation of Borrower, General Partner and Investor Limited Partner

The Borrower and the General Partner have no substantial assets other than the Project and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the member(s) of the General Partner, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The Borrower and its partners will not be personally liable for payments on the Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore,

no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

The Architect

The Architect is Marx | Okubo (the "Architect"). The firm was founded in 1982 and demonstrates considerable affordable, LIHTC, and family housing experience. The Architect has designed the renovation of many rehabilitation, civic and commercial projects, including affordable multifamily housing. The Architect's clients include community groups and nonprofit organizations whose patronage accounts for a significant percentage of the projects in their office.

The General Contractor

The general contractor for the project is expected to be Saarman Construction, Ltd. (the "General Contractor"). Based out of California, the General Contractor was formed in 1982 and is a California licensed contractor. Since inception, the General Contractor has built or rehabilitated over 500 units of affordable apartments with contracts totaling over $65,000,000. The General Contractor currently has projects under construction with a value of over $51,000,000.

The Property Manager

BRIDGE Property Management Company, a California nonprofit public benefit corporation (the "Property Manager"), will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages approximately 8,600 affordable housing units in California. The Property Manager has 30 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as One Church Street Apartments, is located in San Francisco, California, on an approximately 1.3-acre site. The Project contains 93 apartment units located in two buildings. Rehabilitation of the Project is anticipated to commence in September 2018 and be completed approximately 18 months later.

The building's construction consists of two wood frame buildings, including 93 residential units with community space. Common area improvements will include: repairs to the building envelope related to water intrusion, upgrading critical life-safety systems, repainting and replacing carpeting in common areas, repainting the building exterior and refreshing landscaping as needed. Common amenities include a landscaped podium level courtyard, a community room and laundry on each floor. There are 94 parking spaces for resident use only, which satisfied the zoning requirements when the development was originally approved by the local jurisdiction. Units contain full kitchens, bathrooms, living and sleeping areas. Kitchens feature vinyl flooring and energy star rated appliances including refrigerators, electric stoves, dishwashers and garbage disposals. Bathrooms feature vinyl flooring, vanities, and tub/shower surrounds. The living and sleeping areas include wall to wall carpeting and window coverings.

The unit mix of the Project is as follows:

Unit Type	Number	Approximate Square Feet
1 Bedroom	30	605-753
2 Bedroom	35	862-956
3 Bedroom	28	1,044-1,164
Total	**93**	

Plan of Financing

The estimated sources and uses for the Project are projected to be approximately as follows:

Sources of Funds	
Proceeds of the Bonds	$15,618,000
Proceeds of the 2018 Series B Bonds	13,880,000
Recast MOHCD Loans	15,013,932
MOHCD Loan – Construction Period Deferred Interest	944,627
Tax Credit Equity	19,471,810
Deferred Developer Fee	950,000
GP Capital (Existing Reserves)	577,412
GP Capital (Short Term Repairs)	572,352
GP Capital (Recontributed Developer Fee)	1,050,000
Seller Carryback Loan	5,175,012
Seller Carryback Loan – Construction Period Deferred Interest	318,048
Total	$73,571,193
Uses of Funds	
Acquisition	$25,687,500
Construction	18,634,756
Hard Cost Contingency	3,989,114
Developer Fee	4,000,000
Soft Costs	7,379,823
Repayment of 2018 Series B Bonds	13,880,000
Total	$73,571,193

All costs of issuing the Bonds, including underwriter's fee, will be paid by the Borrower.

The Mortgage Loan and the Bonds. The Project will utilize a mortgage loan (the "Mortgage Loan") from Prudential Multifamily Mortgage, LLC, a Delaware limited liability company (the "Lender"). The Mortgage Loan is expected to be in the original principal amount of $15,618,000 and is to bear interest at the rate of 4.48% per annum. The Mortgage Loan proceeds will be disbursed by the Lender to the Borrower based upon approved advances. Such advances will be evidenced by the mortgage note (the "Mortgage Note") and secured by the Mortgage on the Project. The Mortgage Loan will have a term of 16 years and will be amortized over 35 years. The Bonds will be issued in an equal amount to the Mortgage Loan. Principal and interest on the Bonds will be payable by the Trustee using funds received as payment of the principal or interest, as applicable, on the Mortgage Note

The 2018 Series B Bonds and MOHCD Loans. The 2018 Series B Bonds are expected to be collateralized on with cash held by the Bond Trustee generated in part from recast loans (the "MOHCD Loans") from the City of San Francisco Mayor's Office of Housing and Community Development ("SF MOHCD"). The approximate amount of the MOHCD Loans is $15,013,932. Upon completion of the rehabilitation work, the Bond Trustee will release the cash collateral, which will be used to pay off the bonds. The obligation to repay the MOHCD Loans will be set forth in two promissory notes (each a "Promissory Note") from the Borrower to SF MOHCD and will be repayable out of residual receipts on the terms and conditions set forth therein. The Promissory Notes will be secured by subordinate deeds of trust against the Project subordinate to the Mortgage Loan. The Promissory Notes will have a term of 57 years from the date of recordation of the deeds of trust; all Promissory Notes will bear interest at the applicable federal rate, currently 3.02%, per annum, with annual principal and interest not otherwise paid due at maturity.

The Tax Credit Equity. Concurrently with the issuance of the Bonds, the Borrower expects to offer the Investor Limited Partner a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Federal LIHTC tax credit equity (the "Tax Credit Equity") is expected to total approximately $19,471,810 with an initial contribution of approximately $4,000,000, which will be funded at the initial closing. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Deferred Developer Fee. The Project will also utilize deferred developer fee in the amount of $950,000 as a source of funding. The deferred fee will be repaid through residual receipts.

GP Capital Short Term Repairs. The General Partner (the "GP") will contribute $572,352 in principal to the project to fund the Short-Term Repairs required by the Capital Needs Assessment report dated July 31, 2018.

GP Capital Contribution. The General Partner will also contribute equity in the principal amount of $1,050,000.

Seller Carryback Loan. The Seller Carryback loan of $5,175,012 will serve as construction and permanent financing, to be provided by Church Street Housing Associates, a California limited partnership (the "Seller"), to the Borrower. The loan will have a term of 57 years and will bear interest at the applicable federal rate, currently estimated to be 2.95%. The principal and accrued interest will be payable solely from residual receipts.

The HAP Contract

The Seller has an existing Housing Assistance Payment Contract (the "HAP Contract") covering 31 of the 93 units at the Project that was entered into on June 26, 2017 for an initial term of 20 years and provides that the San Francisco Housing Authority and owner may agree to enter into an extension of the HAP Contract at any time prior to expiration of the HAP Contract. The existing HAP Contract will be assigned to the Borrower at closing.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the "Section 8 Program") is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by local public housing authorities. Renewals of Section 8 HAP contracts are governed by the Multifamily Housing Mortgage and Assistance Restructuring Act, as amended ("MAHRA"). The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income ("AMI") for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the "contract rent" for the unit approved by HUD and the eligible tenant's contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in MAHRA and the HAP Contract, are the "contract rents" for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract, or take other sanctions. MAHRA requires that upon the request of the Borrower, HUD shall renew the HAP Contract under the Section 8 Program. However, because the HAP Contract is subject to receipt of annual appropriations by Congress, there is no assurance that the HAP Contract will be renewed or replaced upon its expiration. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest of the Loan.

Project Regulation

In order to obtain low income housing tax credits, the Project will be operated as a qualified residential rental project with 100% of the residential units (other than one unrestricted manager's unit) in the Project occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the "LIHTCs") anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units (other than one unrestricted manager's unit) in the Project (the "Tax Credit Units"). Sixty three (63) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less

than 50% of the AMI adjusted for family size and the rents which may be charged for occupancy of units in the Project will be restricted to not more than 30% of 50% of AMI, adjusted for family size and twenty nine (29) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and the rents which may be charged for occupancy of units in the Project will be restricted to not more than 30% of 60% of AMI adjusted for family size. Thirty one (31) of the Tax Credit Units receive/are held available to persons who hold Section 8 vouchers from the San Francisco Housing Authority.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

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

The Borrower will covenant and agree, pursuant to a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2018, by and among the Issuer, the Trustee and the Borrower (the "Regulatory Agreement"), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. The Borrower's failure to comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Furthermore, the Borrower's failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law. In such event, a Bondholder could exercise its option to exchange its Bond for the MBS as described above under the heading "Optional Exchange of Bonds for MBS," but will have lost the value of the tax-exemption.

Mandatory Redemption of Bonds

Pursuant to the Indenture, under certain circumstances, the Bonds may be subject to mandatory redemption prior to maturity. Please see "DESCRIPTION OF THE BONDS – Mandatory Redemption of Bonds" herein and APPENDIX C hereto.

Repayment of Mortgage Loan

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

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

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

Limited Liability of Issuer

Notwithstanding anything in the Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the MBS Revenues and other assets pledged under the Indenture for any of the purposes of the Indenture.

No agreements or provisions contained in the Indenture, nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except from the application of MBS Revenues or proceeds pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the MBS Revenues or other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, except under certain circumstances described under the caption "CERTAIN RISK FACTORS – Mandatory Redemption of Bonds," the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the MBS one Business Day after receipt by the Trustee of such payments on the MBS. Interest payments on the Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the MBS, which payments on the MBS shall be the 25th day of each month, or the next Business Day if the 25th is not a Business Day. Although interest accrues on the MBS during a calendar month, Fannie Mae will not distribute interest to the Trustee until the Business Day following the 25th day in the following calendar month. The Bonds mature on October 1, 2034; however, the final principal payment on the MBS will occur on October 25, 2034, and such payment will be passed through to Bondholders on October 26, 2034. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the MBS and the stated interest rate on the Bonds.

Pass-Through Certificate

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

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

Performance of the Project and Estimated Rental Revenue Vacancies

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

Secondary Markets and Prices

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

Future Legislation; IRS Examination

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

In recent years, the Internal Revenue Service ("IRS") has increased the frequency and scope of its examination and other enforcement activity regarding tax exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See "TAX MATTERS" herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

Opinion of Co-Bond Counsel

In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the Issuer ("Co-Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Co-Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Co-Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax

consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Co-Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Co-Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel is expected to express no opinion.

The opinion of Co-Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Co-Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Borrower have covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Issuer, the Borrower or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the Borrower and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of

bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the Borrower or the beneficial owners to incur significant expense.

NO LITIGATION

The Issuer

To the knowledge of the Issuer, there is no material litigation pending or threatened against the Issuer concerning the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance thereof.

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Official Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to an approving opinion of Orrick, Herrington & Sutcliffe LLP, and Amira Jackmon, Attorney at Law, Co-Bond counsel to the Issuer. A complete copy of the proposed form of Co-Bond Counsel opinion is contained in Appendix B hereto. Co-Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Borrower by Lubin Olson & Niewiadomski LLP, and for the Underwriter by Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), a "participating underwriter" as defined in 15c2-12 and an "underwriter" as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at a price equal to the principal amount thereof plus accrued interest, and to advance $93,406.50 (the "Underwriter's Advance") for deposit into certain accounts under the Indenture. The Bond Purchase Agreement provides that the Underwriter will receive compensation for its services relating to the transaction from the Borrower in the amount of $78,090, along with $5,000 to cover certain fees and expenses relating to the issuance of the Bonds, and will be reimbursed by the Borrower in the amount equal to the Underwriter's Advance. The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell the Bonds that it purchases to certain dealers including dealer banks and dealers depositing the Bonds into investment trusts and others at a price lower than the public offering price stated in the Term Sheet. The offering price of the Bonds may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various investment banking services either for the Issuer and/or the Borrower and affiliates thereof, for which they received or will receive customary fees and expenses. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Borrower and affiliates thereof.

RATING

S&P Global Ratings ("S&P") has assigned to the Bonds the rating set forth on the cover hereof. An explanation of the significance of such rating may be obtained from S&P at 55 Water Street, 38th Floor, New York, NY 10041-0003. The rating of the Bonds reflects only the views of S&P at the time such rating was given, and neither the Issuer nor the Borrower nor the Underwriter makes any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Borrower will enter into a Continuing Disclosure Agreement, dated as of September 1, 2018 (the "Continuing Disclosure Agreement"), with Digital Assurance Certification LLC, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access ("EMMA") system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX G.

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

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof. References to website addresses presented herein are for informational purposes only and may be in

the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in the Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the owners of any of the Bonds.

[Remainder of page intentionally left blank]

This Official Statement has been duly authorized, executed and delivered by the Borrower.

HERMANN STREET ASSOCIATES, L.P.,
a California limited partnership

By: Hermann Street Associates LLC,
a California limited liability company,
its general partner

By: MCB Family Housing, Inc.,
a California nonprofit public
benefit corporation,
its sole member/manager

By: /s/ Rebecca Hlebasko
Name: Rebecca Hlebasko
Title: Vice President

APPENDIX A

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the "Fannie Mae MBS Prospectus") which will be available if and when the MBS is issued. The template for the Multifamily Fixed-Rate Yield Maintenance MBS Prospectus, as of the date of this Official Statement, can be found at http://www.fanniemae.com/portal/funding-the-market/mbs/multifamily/dus-disclose-information-center.html. The Fannie Mae MBS Prospectus, if and when available, will consist of the template for Fannie Mae MBS Prospectus applicable at the time of the issuance of the MBS with the cover page completed with the MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this Appendix A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as Appendix H.

General.....	Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name "Federal National Mortgage Association" to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see **"FANNIE MAE — Regulation and Conservatorship"** in the Fannie Mae MBS Prospectus. Fannie Mae's regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development ("HUD"), the Securities and Exchange Commission (the "SEC"), and the U.S. Department of the Treasury (the "Treasury"). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae's safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008. On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The MBS if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the MBS will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**
Description of MBS	The MBS if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. See "MORTGAGE LOAN" in the Official Statement. Fannie Mae will issue the MBS in book-entry form on the book-entry system of the U.S. Federal Reserve Bank.

Relationship of Bonds, MBS and Mortgage Loan.....	The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the MBS, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.
Distribution Date.....	The "Distribution Date" is the 25th day of each month which is the date designated for payments to the Trustee as holder of the MBS, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the MBS will occur in the month following the month in which the MBS is issued.
Interest	On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month's interest at the "Pass-Through Rate". Interest on the MBS shall be calculated on an "Actual/360" basis. "Actual/360" means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the MBS by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month. Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust. As described under the caption "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES"** *which can be found at http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-111717.pdf*, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and excluded from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Bonds. See "TAX MATTERS" in the Official Statement herein.
Principal	Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs. On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows: • the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period; and • the aggregate amount of the unscheduled principal payments specified below;

- the stated principal balance of the Mortgage Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;

- the stated principal balance of the Mortgage Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and

- the amount of any partial prepayments on the Mortgage Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

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

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

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

Monthly Related Factors..... On or about the fourth Business Day of each month, Fannie Mae publishes the monthly related factor for each issuance of its Certificates. If an investor multiplies the monthly related factor by the original principal balance of the MBS, the investor will obtain the current principal balance of the MBS, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae's Multifamily Securities Locator Service application on Fannie Mae's Web site at http://www.fanniemae.com.

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

- the aggregate amounts of scheduled and unscheduled principal payments described in "—Principal" above, and

- an amount equal to one month's interest on the MBS, as described in "—Interest" above.

	In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae's guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See **"THE TRUST DOCUMENTS—Certificateholders' Rights Upon a Guarantor Event of Default"** in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae's guaranty on the MBS. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate Fannie Mae's guaranty on the MBS. See **"RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors"** in the Fannie Mae MBS Prospectus. Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders' rights to proceed against the Treasury, see **"FANNIE MAE—Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement"** in the Fannie Mae MBS Prospectus.
Optional Prepayment Premium.....	The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to the fifteenth (15th) year after the MBS is issued. See "APPENDIX H – TERM SHEET" herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the MBS would receive a portion of that payment, as further described in the MBS Prospectus Supplement under "**Voluntary Prepayment of the Mortgage Loan - Calculation of Total Yield Maintenance Prepayment Premiums**." Any premium received by the Trustee will be passed through to Certificateholders. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums**.
Business Day.....	For the MBS, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.
Trust Agreement	If issued, the MBS will be issued pursuant to the Multifamily Master Trust Agreement effective as of October 1, 2010, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae's Web site: http://www.fanniemae.com.
Paying Agent.....	The Federal Reserve Bank of New York currently serves as Fannie Mae's paying agent for certificates such as the MBS.

The Mortgage Loan.....	The Mortgage Loan backing the MBS is secured by a first mortgage lien, is in the original principal amount of the MBS; bears interest at a rate of 4.48% per annum; amortizes over a period and has a balloon maturity as set forth in the TERM SHEET attached hereto as "APPENDIX H".

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SCHEDULE I

FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

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

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

The MBS certificates will initially serve as collateral for a tax-exempt issue of multifamily housing bonds (the "Bonds") issued by the Ohio Housing Finance Agency (the "Issuer") pursuant to and secured by an indenture of trust by and between the Issuer and U.S. Bank National Association, as trustee, and will be held as collateral for the Bonds. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

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

The mortgaged property is an affordable property that has a non-profit entity within the borrower's ownership structure. As such, the mortgaged property benefits from an abatement of property taxes pursuant to the current provisions of a California Welfare Tax Exemption under the California Revenue and Taxation Code. See **"THE MORTGAGE LOANS—Characteristics of Multifamily Properties—Mortgage Loan Secured by Property Receiving Real Estate Tax Benefits"** and **"RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—A mortgaged property may benefit from a state or local property tax exemption or tax abatement that requires the borrower and the property to maintain compliance with specific requirements. The failure to meet those requirements may be an event of default under the mortgage loan"** in the Prospectus for additional information.

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

APPENDIX B

FORM OF OPINION OF CO-BOND COUNSEL

Upon the issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel to the Issuer, propose to issue an opinion in substantially the following form:

_____, 2018

California Municipal Finance Authority
Carlsbad, California

California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as co-bond counsel to the California Municipal Finance Authority (the "Issuer") in connection with the issuance of $15,618,000 aggregate principal amount of California Municipal Finance Authority Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A (the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code, together with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the "Act"), and an Indenture of Trust, dated as of September 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Hermann Street Associates, L.P., a California limited partnership (the "Borrower"), pursuant to a Financing Agreement, dated as of September 1, 2018 (the "Loan Agreement"), between the Issuer, the Trustee and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Financing Agreement, the Tax Certificate, the Regulatory Agreement, opinions of counsel to the Issuer, the Trustee and the Borrower, certificates of the Issuer, the Trustee, the Borrower and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Gubb & Barshay LLP that Church Street Housing Associates, L.P., a California limited partnership (the "Seller") is not a related party to the Borrower under Section 707(b) of the Code. A relationship between the Borrower and the Seller that would result in a disallowance of losses under Section 707(b) of the Code also would result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance

with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint exercise of powers agencies in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the Financing Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is a joint exercise of powers agency, duly organized and validly existing under the laws of the State, and has lawful authority to issue the Bonds.

2. The Bonds constitute the valid and binding limited obligations of the Issuer, payable solely from the Trust Estate.

3. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. The Bonds do not constitute a debt or liability of the Issuer, the State or any political subdivision thereof, or a pledge of the faith and credit of the State or any such political subdivision, other than the Issuer to the extent provided in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period that such Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Indenture in its entirety.

Certain Definitions

"Act" means Chapter 5 of Division 7 of Title 1 of the California Government Code together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code as now in effect and as it may from time to time hereafter be amended and supplemented.

"Actual/360" means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

"Authorized Denominations" means denominations of $1,000.00 or any integral multiple of $1.00 in excess thereof.

"Authorized Officer" means, with respect to the Trustee any applicable officer of the Trustee having regular responsibility for corporate trust matters.

"Beneficial Owner" means the purchaser of a beneficial interest in the Bonds.

"Bonds" means the California Municipal Finance Authority Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A in the principal amount of $15,618,000 authorized to be issued under and secured by the Indenture.

"Bond Counsel" means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer.

"Bond Dated Date" means the date of initial issuance and delivery of the Bonds.

"Bond Maturity Date" means October 1, 2034, subject to final payment of principal with respect to the MBS which will be passed through to the Bondholders on the Final Payment Date.

"Bond Proceeds Fund" means the fund of that name established by the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement, among the Underwriter, the Issuer and the Borrower, providing for the sale of the Bonds.

"Bondholder" or "holder" or "owner" of any Bond or any similar term shall mean the person in whose name any Bond is registered.

"Book Entry Bonds" means the Bonds for which a Depository or its Nominee is the Bondholder.

"Borrower" means Hermann Street Associates, L.P., a California limited partnership, and its permitted successors and assigns.

"Business Day" means, with respect to the MBS and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a bond account is located if the related withdrawal is being made from that bond account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

"Closing Date" means the date of issuance and delivery of the Bonds.

"Code" means the United States Internal Revenue Code of 1986, as amended, and the Regulations thereunder, or any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of September 1, 2018 between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code, including, but only to the extent incurred in connection with, and allocable to the borrowing, Underwriter's fee; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; registrar, certification and authentication fees and counsel fees and expenses; accounting fees; printing costs for Bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Costs of Issuance Deposit" means the amount deposited on the Closing Date into the Costs of Issuance Fund.

"Costs of Issuance Fund" means the Fund created and so designated in the Indenture.

"Depository" means, initially, DTC and any replacement securities depository appointed under the Indenture.

"Dissemination Agent" means Digital Assurance Certification LLC, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

"DTC" means The Depository Trust Company, New York, New York.

"Eligible Funds" means (i) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter of the Bonds; (ii) moneys drawn on a letter of credit; (iii) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project; (iv) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code; (v) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy with respect to the Borrower has occurred during such period; and (vi) Investment income derived from the investment of the money described in (i) through (v) above.

"Extension Deposit" means the deposit of Eligible Funds required under the circumstances and in the amount required by the Indenture.

"Fannie Mae" means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

"Fannie Mae Certificate" means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Mortgage Loan.

"Financing Documents" means the Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, the Continuing Disclosure Agreement, and the Bond Purchase Agreement.

"Final Payment Date" means the date set forth in APPENDIX H – TERM SHEET hereto.

"Fund" or "Account" means a fund or account created by or pursuant to the Indenture.

"Government Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

"Issuer" means the California Municipal Finance Authority, a joint exercise of powers agency duly organized and validly existing under the laws of the State of California, together with its successors and assigns.

"Lender" means Prudential Multifamily Mortgage, LLC.

"Mandatory Redemption Date" means the date on which the Bonds are subject to mandatory redemption pursuant to the Indenture.

"MBS" shall mean the Fannie Mae Certificate identified that is pledged by the Issuer to the Trustee pursuant to the Indenture.

"MBS Delivery Date" means the date on which the Trustee receives the MBS backed by the Mortgage Loan, which shall occur not less than five days after the Trustee receives written notice of such date from the Lender and not later than the MBS Delivery Date Deadline.

"MBS Delivery Date Deadline" means November 20, 2018, as such date may be extended pursuant to the Indenture.

"MBS Factor" means the applicable factor posted by Fannie Mae on the MBS from time to time as the Mortgage Loan amortizes.

"MBS Purchase Price" means the principal amount outstanding on the Mortgage Loan as of the MBS Delivery Date plus accrued interest on the MBS from the MBS Dated Date to the MBS Delivery Date at the Pass-Through Rate.

"MBS Revenues" means all payments made under and pursuant to the MBS.

"Mortgage Loan" means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Mortgage Note and secured by the Mortgage.

"Mortgage Loan Documents" means, collectively, the Mortgage Note, the Mortgage and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. For the avoidance of doubt, neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

"Mortgage Note" means the Multifamily Note dated the Closing Date from the Borrower payable to the order of the Lender evidencing the Borrower's obligation to repay the Mortgage Loan.

"Negative Arbitrage Deposit" means Eligible Funds in the amount required to be deposited on the Closing Date into the Negative Arbitrage Account pursuant to the Indenture.

"Negative Arbitrage Account" means the Negative Arbitrage Account of the Revenue Fund pursuant to the Indenture.

"No Adverse Effect Opinion" means an opinion of Bond Counsel substantially to the effect that the taking of the action specified therein, in and of itself, will not adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to customary limitations and exceptions).

"Outstanding" means, when used with reference to the Bonds and as of any particular date, all Bonds theretofore authenticated and delivered under the Indenture except:

(a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the Indenture, and

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture.

"Participant" means a member of, or a participant in, the Depository.

"Pass-Through Rate" means the rate set forth in APPENDIX H – TERM SHEET hereto.

"Payment Date" means (i) the 26th day of the month following the month of the Closing Date and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until the MBS Delivery Date and (ii) after the MBS Delivery Date, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

"Permitted Investments" means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) to the extent permitted in the Indenture, shares or units in any money market mutual fund rated "AAAm" by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

"Placed in Service Date" means the date the Project is placed in service for purposes of Section 42 of the Code.

"Project" means the 93-unit (including one unrestricted manager's unit) multifamily rental housing development, known as One Church Street, located in the City and County of San Francisco, California, on the site described in the Mortgage.

"Rating Agency" means Moody's, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency's successors or assigns.

"Rebate Fund" means the Fund created and so designated in the Indenture.

"Record Date" means the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs.

"Redemption Price," means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds in accordance with the Indenture.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project, dated as of September 1, 2018, by and among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

"Reserved Rights" means those certain rights of the Issuer under the Financing Agreement and the Regulatory Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement relating to the Reserved Rights.

"Revenue Fund" means the Fund created and so designated in the Indenture.

"S&P" means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

"Supplemental Indenture" means any indenture duly authorized and entered into between the Issuer and the Trustee amending or supplementing the Indenture.

"Tax Certificate" means the Tax Certificate and Agreement dated the Closing Date and executed by the Issuer and the Borrower, as the same may be amended or supplemented from time to time.

"Trust Estate" means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Indenture.

Extension of MBS Delivery Date Deadline

At any time prior to the date on which notice of redemption must be given pursuant to the Indenture, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Rating Agency, the Issuer and the Underwriter written notice of any extension of the MBS Delivery Date Deadline, (ii) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Bonds to the date that is five (5) Business Days after the extended MBS Delivery Date Deadline (the "Extension Deposit") and (iii) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in the mandatory redemption pursuant to the Indenture; provided, however, the MBS Delivery Date Deadline may not be extended to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

Establishment of Funds

The following funds and accounts will be established and maintained by the Trustee under the Indenture:

(a) the Revenue Fund, including therein the Negative Arbitrage Account;

(b) the Costs of Issuance Fund;

(c) the Bond Proceeds Fund; and

(d) the Rebate Fund.

Revenue Fund

The Trustee shall disburse from the Revenue Fund, on each Payment Date an amount equal to the amount of the principal, including prepayments, interest and premium, if any, received on the MBS on or immediately prior to such Payment Date.

(a) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month, (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

(b) There shall be deposited into the Revenue Fund, as and when received, (i) all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to the Indenture to be deposited therein, (ii) accrued interest on the Bonds from the Bond Dated Date to the Closing Date, (iii) any other amounts specified in the Indenture, and (iv) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms of the Indenture.

(c) On the first Business Day following receipt of principal payments or repayments, and premium, if any, under the MBS, the Trustee shall pay to the Bondholders the amount so received as a payment of principal, and premium, if any, on the Bonds. All payments of principal shall be paid to Bondholders in proportion to the principal amount of Bonds owned by each Bondholder as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(d) There shall be deposited into the Negative Arbitrage Account of the Revenue Fund as and when received, (i) the Negative Arbitrage Deposit and (ii) any Extension Deposit.

(e) On the first Business Day following receipt of a payment representing interest under the MBS, the Trustee shall pay to the Bondholder the amount so received as a payment of interest on the Bonds. All payments of interest shall be paid to Bondholders in proportion to the principal amount of Bonds owned by each Bondholder as set forth on the records of the Trustee at the close of Business on the applicable Record Date. Interest due and payable on the Bonds prior to payments received by the Trustee under the MBS shall be payable on a Payment Date from funds in the Revenue Fund.

Rebate Fund

The Rebate Fund shall not be subject to the lien or encumbrance of the Indenture, but shall be held in trust for the benefit of the United States of America, and shall be subject to the claim of no other person, including that of the Trustee and Bondholders. The interest on any Permitted Investments representing an investment of moneys in the Rebate Fund and any profit arising from the sale thereof shall be retained in the Rebate Fund. Any moneys deposited therein in accordance with the provisions of the Indenture shall be used for no other purpose than to make payments to the United States Treasury, at the time and in the manner and amount specified in the Indenture.

Costs of Issuance Fund

On or before the Closing Date, the Borrower shall deliver to the Trustee the Costs of Issuance Deposit, from amounts other than Bond proceeds, to be deposited to the Costs of Issuance Fund to pay costs incurred in connection with the issuance of Bonds. The Trustee shall use amounts in the Costs of Issuance Fund on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date shall be returned to the Borrower and the Costs of Issuance Fund shall be closed.

Bond Proceeds Fund

Amounts deposited in the Bond Proceeds Fund shall be used by the Trustee on the MBS Delivery Date to pay the MBS Purchase Price in accordance with the Indenture. Any amount remaining in the Bond Proceeds Fund after the first Payment Date after the MBS Delivery Date or the redemption in whole of the Bonds in accordance with the Indenture, shall be transferred to or at the direction of the Borrower.

Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds under the Indenture shall be invested by the Trustee at the written direction or

telephonic direction (promptly confirmed in writing) of the Borrower in Permitted Investments which mature or are redeemable at par on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary, (i) prior to the MBS Delivery Date, all amounts in the Revenue Fund shall be invested solely in Permitted Investments, (ii) all amounts in the Bond Proceeds Fund shall be invested solely in Permitted Investments, and (iii) following the MBS Delivery Date, amounts in the Revenue Fund shall be held uninvested. All investment earnings from amounts on deposit in the Bond Proceeds Fund shall remain in the Bond Proceeds Fund. If the Trustee does not receive written direction or telephonic directions (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee shall invest solely in Permitted Investments. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Permitted Investments representing an investment of moneys attributable to any Fund shall be deemed at all times to be a part of such Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

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

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

In computing for any purpose under the Indenture the amount in any Fund on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Defeasance

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

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

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

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

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Permitted Investments in the Indenture in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Permitted Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

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

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

(ii) the maturity of such Bond.

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

Events of Default

Each of the following shall constitute an Event of Default under the Indenture:

(a) Failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;

(b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or

(c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

The Trustee, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify in writing the Issuer, the Bondholders, the Limited Partner, the Lender and Fannie Mae after an Authorized Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

Acceleration; Rescission of Acceleration

Upon the occurrence of an Event of Default described in (a) above, the Trustee may, and upon the written request of the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by the virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to it, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Subject to the Indenture, upon the occurrence of an Event of Default described in (b) above, no action shall be taken by the Trustee unless an Event of Default has occurred pursuant to Section 8.01(a) in which event the Trustee shall proceed as provided above. An Event

of Default under (c) above shall not give rise to an acceleration pursuant to this section, provided, however, that following such an Event of Default, the holder of 100% of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall cancel the Bonds upon such release and transfer of the MBS, and upon such transfer, the Bonds will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the MBS and cancellation of the Bonds, all such payments shall belong to and be transferred to the owner of the MBS.

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

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower, the Limited Partner, or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults hereunder have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

Other Remedies; Rights of Bondholders

Subject to the Indenture, upon the happening and continuance of an Event of Default the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;

(b) Upon an Event of Default described in (a) under "Events of Default" above only, by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder (including the sale or disposition of the MBS); and

(c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in the Indenture.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture, the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Action by Trustee

All rights of action under the Indenture or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the holders of such Bonds subject to the provisions of the Indenture.

In any action, suit or other proceeding by the Trustee, the Trustee shall be paid fees, counsel fees and expenses in accordance with the Indenture.

Restriction on Bondholder Action

No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Indenture or for the execution of any trust under the Indenture or for any other remedy under the Indenture, unless (a)(i) such holder previously shall have given to the Issuer and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) after the occurrence of such Event of Default, a written request shall have been made of the Trustee to institute such suit, action or proceeding by the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (iii) the Trustee shall have been enjoined or restrained from complying or shall have refused or neglected or otherwise failed to comply with such request within a reasonable time; or (b)(i) such holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (ii) such suit, action or proceeding is brought for the ratable benefit of all the Bondholders subject to the provisions of the Indenture.

Nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on his or her Bonds or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each Bond to the holder thereof, at the time and place and from the source expressed in such Bonds and pursuant to the terms of the Bonds and the Indenture.

No holder of any Bond shall have any right in any manner whatever by his or her action to affect, disturb or prejudice the pledge of MBS Revenues or of any other moneys, funds or securities under the Indenture, or, except in the manner and on the conditions in the Indenture provided, to enforce any right or duty under the Indenture.

Application of Moneys After Default

All moneys collected by the Trustee at any time pursuant to the Indenture shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Revenue Fund. Such moneys so credited to the Revenue Fund and all other moneys from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the Indenture.

Subject in all instances to the provisions of the Indenture, in the event that at any time the moneys credited to the Revenue Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in the Indenture) shall be applied as follows:

(a) Only in the event that there has been an Event of Default under the Indenture as a result of a failure by Fannie Mae to make payments under the MBS, for payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture and the other documents executed in connection herewith;

(b) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Control of Proceedings

In the case of an Event of Default described in (a) under "Events of Default" above, the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of the Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to such direction.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the Holders of a majority in aggregate principal amount of all Bonds then Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then in every such case the Issuer,

the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as if no suit, action or proceedings had been taken.

Supplemental Indentures Effective Upon Acceptance

For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by the Issuer and by the Trustee, and with the prior written consent of Fannie Mae, but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

(a) To add to the covenants or agreements of the Issuer in the Indenture contained other covenants or agreements to be observed by the Issuer or to otherwise revise or amend this Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions in the Indenture contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the MBS.

Supplemental Indentures Requiring Consent of Holders

In addition to Supplemental Indentures authorized above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as provided in the Indenture, of Fannie Mae and the holders of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Consent of Bondholders

The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the Indenture requiring consent of Bondholders, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified in the Indenture, and (b) an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of the Indenture shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this Section, but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in the Indenture provided. The Trustee shall file with the Issuer proof of the mailing of such notice to the Bondholders. A record, consisting of the papers required or permitted by this section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

The Issuer may conclusively rely upon the Trustee's determination that the requirements of this section have been satisfied.

No Adverse Effect Opinion of Bond Counsel Concerning Supplemental Indentures

The Trustee shall not execute or consent to any Supplemental Indenture unless prior to the execution and delivery thereof the Trustee shall have received a No Adverse Effect Opinion of Bond Counsel substantially to the effect that the Supplemental Indenture will not in and of itself adversely affect any exclusion of interest on the Bonds from gross income for federal income tax purposes.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a summary of certain provisions of the Financing Agreement which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Financing Agreement for a full and complete statement of its provisions.

Definitions

Capitalized terms used but not defined herein shall have the means given them in the Indenture and the Financing Agreement.

General Terms of the Financing

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount set forth in the Financing Agreement. The obligations of the Issuer, the Trustee and the Borrower under the Financing Agreement are expressly conditioned upon (i) the issuance, sale and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in the Indenture, and (iii) the making of the Mortgage Loan by the Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

Amount and Source of Mortgage Loan

The Trustee shall apply the proceeds of the Bonds as provided in the Indenture to secure the Bonds until the MBS Delivery Date and then to purchase the MBS. The Borrower accepts the Mortgage Loan from the Lender, upon the terms and conditions set forth in the Financing Agreement, the Mortgage Loan Documents and the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit to the Bond Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of and interest on the Bonds. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated in the Financing Agreement and the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of and interest on the Bonds.

Notification of Prepayment of Mortgage Note

The Lender shall notify the Trustee promptly of the receipt of any prepayment of the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise, unless the Lender has received written evidence that the Borrower has notified the Trustee of such prepayment. If such prepayment results in revisions to the amortization schedule, the Borrower shall provide the revised amortization schedule to the Trustee.

Events of Default

Each of the following shall constitute an event of default under the Financing Agreement, and the term "Event of Default" shall mean, whenever used in the Financing Agreement, any one or more of the following events:

(i) Failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required by the Financing Agreement; or

(ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in clause (i) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to the Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of

Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this section is intended to amend or modify any of the provisions of the Mortgage Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Remedies Upon an Event of Default

(a) Subject to subsection (d) below, whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement (subject to the nonrecourse provisions of the Financing Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under the Financing Agreement or to enforce any other covenant, obligation or agreement of the Borrower under the Financing Agreement.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) of this section are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Mortgage Loan Documents or any other documents contemplated thereby or by the Financing Agreement to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under

the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Financing Documents any amounts collected pursuant to action taken under this section shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this section shall relieve the Borrower from the Borrower's obligations pursuant to the Financing Agreement.

(e) No remedy conferred upon or reserved to the Issuer or the Trustee in the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and the Financing Agreement, (iii) enforce rights of specific performance under the Regulatory Agreement, or (iv) enforce the rights of the Trustee for payments under the Financing Agreement; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Notice of Default: Rights To Cure

The Issuer and the Trustee shall each give notice to the other and to the Investor Member and the Lender of the occurrence of any Event of Default by the Borrower under the Financing Agreement of which it has actual knowledge. The Lender and the Investor Member shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Member to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties to the Financing Agreement shall be restored to their former respective positions, it being agreed that the Lender and the Investor Member shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; provided that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Amendment

The Financing Agreement and all other documents contemplated by the Financing Agreement to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to the Financing Agreement shall be binding upon, any party to the Financing Agreement until such amendment is reduced to writing and executed by the parties thereto; provided that no amendment, supplement or other modification to the Financing Agreement or any other Financing Document shall be effective without the prior written consent of Fannie Mae.

Limited Liability of the Issuer

The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption Price) of or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Financing Agreement.

The Borrower acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and agrees that if the payments to be made under the Financing Agreement shall ever prove insufficient to pay all principal (or Redemption Price) of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Issuer and the Trustee.

Residential Rental Property

The Borrower acknowledges and agrees that the Project is to be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of the Regulatory Agreement, the Borrower thereby represents, covenants, warrants and agrees as follows:

(a) The Project is being acquired and will be rehabilitated and developed for the purpose of providing multifamily residential rental property with accompanying common area, and the Borrower will own, manage and operate the Project as a development to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project, except for not more than one unit set aside for a residential manager or other administrative uses, will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and final tract map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units (other than a manager's unit) will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class in renting the dwelling units in the Project, except to the extent that dwelling units shall be rented or available for rental by persons who qualify as Qualified Tenants as provided therein, and except as otherwise required pursuant to any agreement entered into with the City or any other public entity or by applicable law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) In the event that the Project contains fewer than five (5) dwelling units, no dwelling unit in the Project shall be occupied by the Borrower or any successor thereof.

(h) The units reserved for Qualified Tenants shall have substantially the same equipment and amenities and shall be substantially the same size as the other dwelling units in the Project and shall not be geographically segregated from such other units.

(i) For the term of the Regulatory Agreement, the Borrower will not discriminate on the basis of race, creed, color, sex, sexual orientation, national origin or ancestry, religion, marital status, age, disability or receipt of public assistance or housing assistance in connection with the rental of units in the Project or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain a nondiscrimination clause to such effect (except as may be required under any financing documents with a public entity).

Qualified Tenants; Records and Reports

Pursuant to the requirements of the Code and the Issuer, the Borrower thereby represents, warrants and covenants as follows:

(a) At all times during the Qualified Project Period, not less than 40% of all completed and occupied units in the Project shall be occupied by Qualified Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Qualified Tenant is treated as rented and occupied by a Qualified Tenant until reoccupied, other than for a temporary period of not more than thirty-one (31) days, at which time the character of such unit shall be re-determined. The Issuer and the Borrower thereby elect to have the Project meet the requirements of Section 142(d)(1)(B) of the Code in that not less than 40% or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income is 60% or less of Area Median Gross Income, adjusted for household size.

(b) No tenant qualifying as a Qualified Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Qualified Tenants, and such tenant shall be deemed to continue to be a Qualified Tenant for purposes of the occupancy requirement of paragraph (a) of Section 4 of the Regulatory Agreement. In the event such tenant's income exceeds 140% of the qualifying limit for Qualified Tenants, there shall be no restriction as to the rent chargeable to such tenant, notwithstanding the continued classification of such tenant as a Qualified Tenant for purposes of the occupancy requirement of paragraph (a) of Section 4 of the Regulatory Agreement.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Verifications of Income for each Qualified Tenant, including (i) a Verification of Income dated immediately prior to the initial occupancy of such Qualified Tenant in the unit, and (ii) thereafter, an annual Verification of Income with respect to each Qualified Tenant. In lieu of obtaining an annual Verification of Income, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Qualified Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Verifications of Income for tenants. The Borrower also will provide such additional information as may be required in the future by the Code, the State or the Issuer, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or thereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Issuer, copies of Verification of Income for Qualified Tenants commencing or continuing occupation of a Qualified Unit shall be submitted to the Administrator or the Issuer, as requested.

(d) The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(e) The Borrower will maintain complete and accurate records pertaining to the Qualified Units, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal

Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Qualified Units.

(f) During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(g) Each lease or rental agreement pertaining to a Qualified Unit shall contain a provision to the effect that the Borrower has relied on the Verification of Income and supporting information supplied by the Qualified Tenant in determining qualification for occupancy of the Qualified Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide (and shall so disclose to the tenant) that the tenant's income is subject to annual certification in accordance with Section 4(c) of the Regulatory Agreement and that, if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Qualified Tenant of the same family size (including by reason of an adjustment in family size which results in additional income being taken into account), such tenant may cease to qualify as a Qualified Tenant and such tenant's rent may be subject to increase.

Sale or Transfer of the Project

Except for a transfer to BRIDGE Housing Corporation, or an affiliate thereof, following the expiration of the 15-year tax credit compliance period under Section 42 of the Code, or such earlier date allowed by the Investor Limited Partner, the Borrower thereby covenants and agrees not to voluntarily sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated thereunder or a transfer of limited partnership interests to an investor or its affiliates that typically serves as limited partner in owners of projects such as the Project or the transfer of interest by the Investor Limited Partner (including an administrative limited partner) to an entity or entities (or to affiliates of an entity or entities) that typically serve as limited partners in owners of projects such as the Project), without providing written notice to the Issuer at least 30 days in advance and obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld by the Issuer, and shall be given by the Issuer if (a) the purchaser or assignee shall certify that the continued operation of the Project shall comply with the provisions of the Regulatory Agreement; (b) the Issuer shall have received (i) reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under the Regulatory Agreement, (ii) an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under the Regulatory Agreement and that such obligations and the Regulatory Agreement are binding on the transferee, (iii) an opinion of Bond Counsel that such transfer shall not adversely affect the Tax-Exempt status of the interest on the Bonds, (iv) a Certificate of Continuing Program Compliance current as of a date no longer than forty-five (45) days prior to delivery thereof, and (v) evidence of satisfaction of compliance with the provisions of Section 28(d)(i) related to notice to CDLAC of transfer of the Project; and (c) the Borrower shall pay or cause to be paid all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in Section 12 of the Regulatory Agreement. It is thereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of Section 12 of the Regulatory Agreement shall be null, void and without effect, shall cause a reversion of title to the Borrower and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Nothing contained in Section 12 of the Regulatory Agreement shall waive or affect any provision of any other document or instrument between the Borrower and any other party, including, but not limited to, the Holder, which requires the Borrower to obtain the consent of such other party as a precondition to sale, transfer or other disposition of the Project. Upon any sale or other transfer which complies with the Regulatory Agreement, the Borrower shall be fully released from its obligations thereunder to the extent such obligations have been assumed by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of Section 12 of the Regulatory Agreement. Notwithstanding the foregoing, if the Holder acquires title to the property by foreclosure or deed in lieu of foreclosure, no consent of the Issuer shall be required under the Regulatory Agreement and no other conditions shall be required to be satisfied.

Notwithstanding anything to the contrary contained in Section 12 of the Regulatory Agreement, the Investor Limited Partner shall be permitted to remove and replace a general partner of the Borrower for cause in accordance with the Partnership Agreement, and without the consent of the Issuer, or to transfer limited partnership interests pursuant to the Partnership Agreement without the consent of the Issuer. The Borrower may execute an amendment to the Partnership Agreement in connection with the removal of a general partner in accordance with the Partnership Agreement and the transfer of the limited partnership interests of the Borrower without the approval of the Issuer. The execution and delivery of a purchase option agreement shall not constitute a default thereunder.

Term

The Regulatory Agreement and each of the provisions thereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided therein and, except as otherwise provided in Section 13 of the Regulatory Agreement, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions thereof are intended to survive the retirement of the Bonds, discharge of the Loan and termination of the Indenture, the Financing Agreement and the Loan Agreement.

The terms of the Regulatory Agreement to the contrary notwithstanding, the Regulatory Agreement and the requirements set forth therein shall automatically terminate and be of no further force and effect in the event of (i) foreclosure or transfer of title by deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Deed of Trust described in the Financing Agreement), or (ii) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the provisions thereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, in either such case, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in Sections 2 through 5 of the Regulatory Agreement. The provisions contained in the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower thereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or a similar event, neither the Borrower nor any related person as described above will obtain an ownership interest in the Project for federal income tax purposes.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms thereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

Covenants to Run with the Land

The Borrower thereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer and the Borrower thereby declare their express intent that the covenants, reservations and restrictions set forth therein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in interest to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument thereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of the Regulatory Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Default; Enforcement

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an "Event of Default" to have occurred thereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default thereunder so long as (a) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (b) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the tax-exempt status of interest on the Bonds. Any cure offered by a partner of the Borrower, or an affiliate, will be accepted as if given by the Borrower.

Following the declaration of an Event of Default thereunder, the Issuer may, at its option and subject to the provisions of the Indenture, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants thereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer thereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower thereunder; and

(d) order and direct the Borrower in writing to terminate the Manager and to select a replacement Manager meeting the requirements thereof within 60 days of such written direction, and to notify the Issuer in writing of the identity of the replacement Manager and certify that such replacement Manager satisfies the requirements thereof.

The Borrower thereby agrees that specific enforcement of the Borrower's agreements contained therein is the only means by which the Issuer may obtain the benefits of such agreements made by the Borrower therein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower thereunder.

It is acknowledged and agreed by the Borrower and the Issuer that one of the primary purposes of the Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Holder is thereby declared an intended third party beneficiary of the Regulatory Agreement and shall be entitled to enforce the provisions thereof in the event of any default thereunder.

The Issuer thereby agrees that any cure of any default made or tendered by Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

Recording and Filing

The Borrower shall cause the Regulatory Agreement, and all amendments and supplements thereto, to be recorded and filed in the official real property records of the County and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer, the Underwriter nor the Borrower take responsibility for the accuracy thereof.

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

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

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

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

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

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, the amount of the interest of each Direct Participant in such issue to be redeemed shall be determined on a pro rata basis in accordance with the "Pro Rata Pass Through Distributions of Principal" procedures of DTC.

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

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

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

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

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

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

$15,618,000
California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A

$13,880,000
California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(One Church Street)
2018 Series B

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of September 1, 2018, is executed and delivered by Hermann Street Associates, L.P., a California limited partnership (the "Borrower") and Digital Assurance Certification LLC, as dissemination agent (in such capacity, the "Dissemination Agent"), in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). The 2018 Series A Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2018 and the 2018 Series B Bonds are being issued pursuant to a Trust Indenture, dated as of September 1, 2018 (together, the "Indenture"), between the California Municipal Finance Authority (the "Issuer") and the Trustee. The Bonds are being issued by the Issuer to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping a 93-unit residential project located in the City and County of San Francisco, California, to be known as One Church Street (the "Project").

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

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

"*Annual Report*" means any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement. The Annual Report shall contain the Borrower's annual financial information, which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Borrower may change the accounting principles used for preparation of such financial information so long as the Borrower includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

"*Disclosure Representative*" means the manager of the Borrower or its designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"*Dissemination Agent*" means Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"*Underwriter*" means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

"*Repository*" means the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system (http://emma.msrb.org/).

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

"*Tax-exempt*" means that interest on the Bonds is excludable from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Provision of Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than July 1 of each year, commencing July 1, 2019 for the fiscal year ending December 31, 2018, provide to the Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Dissemination Agent is to provide such Annual Report to the Repository, not later than fifteen Business Days prior to said date, the Borrower shall provide the Annual Report to the Dissemination Agent. The Borrower shall provide a written certification with the Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Borrower hereunder. The Dissemination Agent may conclusively rely upon such certification of the Borrower. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report, and, provided further that all such documents and audited financial statements shall be provided in word-searchable PDF files in accordance with the requirements prescribed by the MSRB. The Dissemination Agent's obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required hereby.

(b) If by five Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to inquire if the Borrower is in compliance with subsection (a).

(c) If the Borrower does not provide a written certification to the Dissemination Agent to the effect that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, to the extent the Borrower has provided the Annual Report to the Dissemination Agent, file a report with the Borrower certifying that the information represented to the Dissemination Agent by the Borrower as the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the Repository.

(e) The Borrower shall either make Annual Reports required by this Section 3 to the MSRB through its EMMA system (provided the Disclosure Representative shall have set up an account on the EMMA system) or shall make such Annual Reports available to the Dissemination Agent in an electronic format that meets the requirements prescribed by the MSRB.

Section 4. Content of Annual Reports. The Borrower's Annual Report shall include the following information and shall contain or incorporate by reference audited financial statements for the year ended December 31:

1. the category of information being provided;

2. the period covered by any annual financial information/financial statements or operating data;

3. the issues or specific securities to which such document is related (including CUSIP number, Issuer name, state, issue description, dated date, maturity date and coupon rate);

4. the name of the Borrower and any other obligated person other than the Issuer;

5. the name and date of the documents;

6. contact information for the Disclosure Representative; and

7. information under the heading The Project.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with the Repository. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Borrower will clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies on the Bonds;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves relating to the Bonds reflecting financial difficulties;

4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;

8. Bond redemptions, if material;

9. Tender offers;

10. Defeasance of the Bonds;

11. Release, substitution, or sale of property securing repayment of the Bonds, if material;

12. Rating changes on the Bonds;

13. Bankruptcy, insolvency, receivership or similar event of the Borrower or the Issuer; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower or the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction

over substantially all of the assets or business of the Borrower or the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower or the Issuer;

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

15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

16. Failure to comply with this Section 5(a);

17. Any HAP Contract or other rental assistance or subsidy agreement for the project has been terminated;

18. Any Regulatory Agreement with respect to the Project is in default;

19. The date when the Project is placed in service for purposes of Section 42 of the Revenue Code of 1986, as amended;

20. The extension of the Mandatory Redemption Date as such date may be extended under the Indenture; and

21. The delivery of the MBS and MBS CUSIP number in connection with the 2018 Series A Bonds.

(b) The Borrower shall, within ten business days after obtaining actual knowledge of the occurrence of any of the Listed Events (except events listed in clauses (a)(1), (8) (without regard to materiality), (10), (15) (without regard to materiality) or (16) in which case the notified party shall notify the Dissemination Agent and the Borrower) contact the Disclosure Representative, inform such person of the event, and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e). For purposes of this Disclosure Agreement, "actual knowledge" of such Listed Events shall mean actual knowledge by the Borrower at its designated office with responsibility for matters related to the Indenture.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event in clauses (2), (7), (8) (9), (11), (14) or (15), the Borrower shall within five business days determine if such event would constitute material information, within the meaning of such term under federal securities laws, for Holders of Bonds; provided, however, that any other Listed Event shall always be deemed to be material.

(d) If the Borrower has determined that knowledge of the occurrence of a Listed Event would be material, or if such Listed Event is otherwise deemed to be material pursuant to subsection (c) above (in each case, "Material Listed Event"), the Borrower shall promptly notify the Dissemination Agent in writing and provide the notice to be sent to the Repository of such Listed Event or Material Listed Event. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event and provided with the notice to be sent to EMMA, the Dissemination Agent shall file a notice of such occurrence with the Repository with a copy to the Borrower. Notwithstanding the foregoing, notice of the occurrence of a Material Listed Event shall be given by the Dissemination Agent within 10 business days of the its receipt from the Borrower of the notice to be sent to EMMA describing such Material Listed Event.

(f) Each notice filed with the Repository pursuant to this Section 5 shall set forth the following information:

1. the category of information being provided;

2. the period covered by any annual financial information/financial statements or operating data;

3. the issues or specific securities to which such document is related (including CUSIP number, Issuer name, state, issue description, dated date, maturity date and coupon rate);

4. the name of the Borrower and any other obligated person other than the Issuer;

5. the name and date of the documents; and

6. contact information for the Disclosure Representative.

Section 6. Termination of Reporting Obligation. The obligations of the Borrower, the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Note (as defined in the Indenture) are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower, and the original Borrower shall have no further responsibility hereunder.

Section 7. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty days' written notice to the Borrower.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Borrower and the Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided the Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

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

Section 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee at the written direction of the Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, solely to the extent indemnified to its satisfaction (including attorneys' fees and expenses), or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, the Financing

Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Dissemination Agent, the Underwriter, the Remarketing Agent and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State.

Section 14. Borrower's Obligations Nonrecourse. In any action or proceeding brought hereon and except as otherwise provided in the Deed of Trust or the Financing Agreement, the liability of the Borrower under this Continuing Disclosure Agreement shall be limited to the Project and any other collateral securing the Loan Agreement, the Indenture or the Bonds.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Severability. If any provision in this Continuing Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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

HERMANN STREET ASSOCIATES, L.P.,
a California limited partnership

By: Hermann Street Associates LLC,
a California limited liability company,
its general partner

By: MCB Family Housing, Inc.,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Name: Rebecca Hlebasko
Title: Vice President

[Signatures continue on next page]

[Dissemination Agent's signature page to Continuing Disclosure Agreement]

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A
CUSIP: 13048V DX3

$13,880,000
California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(One Church Street)
2018 Series B
CUSIP: 130483 DY3

Report for Period Ending _____

THE PROJECT

Name: One Church Street

Address: 1 Church Street, San Francisco, CA 94114

Number of Units: 93

Number of Units Occupied as of Report Date: _____

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues
Operating Expenses[1]
Net Operating Income
Debt Service on the Bonds
Net Operating Income/(Loss)
After Debt Service

The average physical occupancy of the Project for the fiscal year ended [___] was [___]% and the average economic occupancy of the Project for the fiscal year ended [___] was [___]%.

_____
[1]Excludes depreciation and other non-cash expenses, includes management fee.

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer:	California Municipal Finance Authority
State:	State of California
Name of Bond Issue:	Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A Multifamily Housing Revenue Bonds (One Church Street) 2018 Series B
CUSIP Numbers:	13048V DX3 (2018 Series A) 130483 DY3 (2018 Series B)
Name of Borrower Obligated Person:	Hermann Street Associates, L.P., a California limited partnership
Contact Information:	Hermann Street Associates, L.P. 600 California Street Suite 900 San Francisco, CA 94108 Attention: Rebecca Hlebasko
Date of Issuance:	September 21, 2018
Maturity Date:	October 1, 2034

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report for the period ending _____, 20__ with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of September 1, 2018, between the Borrower and Digital Assurance Certification LLC, as Dissemination Agent. The Borrower has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent, on behalf of the Borrower

By: _____
Authorized Officer

cc: Borrower

APPENDIX H

TERM SHEET

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

$15,618,000
CLOSING DATE September 21, 2018

California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(M-TEMS) (One Church Street)
2018 Series A

FANNIE MAE MULTIFAMILY POOL NUMBER 10978
BOND CUSIP 13048V DX3

POOL STATISTICS (AS OF CLOSING DATE)

TAX-EXEMPT BOND ISSUE INFORMATION *(Information provided by Issuer for this Official Statement)*	
BOND ISSUER NAME	California Municipal Finance Authority ("Issuer")
BOND ISSUE SERIES	Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A
BOND ISSUE PAR	$15,618,000
BOND DATED DATE	September 1, 2018
BOND MATURITY DATE	October 1, 2034
BOND ISSUE TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Official Statement.
BOND ISSUE CUSIP	13048V DX3
BLOOMBERG SERIES NAME	MTEMS 2018-04FN
COLLATERAL FOR THE BOND ISSUE	Fannie Mae DUS MBS (see pool info below)
BOND ISSUE CREDIT RATING	S&P "AA+"
BOND CLOSING DATE	September 21, 2018

BOND PAYMENT DATES	One business day later than payment on underlying Fannie Mae MBS[1]
BOND FIRST PAYMENT DATE	October 26, 2018
BOND FINAL PAYMENT DATE	The Business Day after the MBS payment is received on October 25, 2034, or, if such day is not a Business Day, the next Business Day
ALL OTHER BOND ISSUE TERMS	Same as underlying MBS
BOND PREPAYMENT TERMS	100% of the principal amount of the Bonds call if MBS not delivered by MBS Delivery Date Deadline, thereafter same as underlying MBS.
BOND NET PASS THROUGH RATE	3.55%
BOND OFFERING PRICE	100%
BOND UNDERWRITER	Stifel, Nicolaus & Company, Incorporated
BOND INITIAL MANDATORY REDEMPTION DATE	The date on which the Bond will be redeemed at 100% of the principal amount of the Bonds plus accrued interest if the MBS is not delivered to the Trustee on or prior to the MBS Delivery Date Deadline, as such date may be extended as set forth in the Indenture, and further at Fannie Mae's sole discretion.
BOND EXCHANGE FEATURE	The Bondholder has the option of requesting that their Bond be exchanged for a like amount of the par amount of the MBS upon five days' notice after the Project has been placed in service for low income housing tax credit purposes. The Issuer has the option of honoring the exchange request or instead paying the holder a cash value amount equal to the par amount outstanding of the Bonds plus a redemption premium starting at 5% par amount outstanding for the first five years after Closing declining at 1% a year thereafter plus a portion of the holder's initial premium paid (if any) which declines over time.
MBS DELIVERY DATE DEADLINE	November 20, 2018, or, if such day is not a Business Day, the following Business Day, which may be extended in accordance with terms of the Indenture
BOND TRUSTEE	U.S. Bank National Association
BOND REMAINING TERM TO MATURITY	From the Closing Date to October 1, 2034
UNDERLYING FANNIE MAE POOL STATISTICS (AS OF ISSUE DATE) *(Information provided by Lender for this Official Statement)*	
NOTE RATE	4.48%
ISSUANCE PASS-THROUGH RATE	3.55%
POOL ISSUANCE UPB	$15,618,000
POOL MATURITY DATE	October 1, 2034
EXPECTED MBS DELIVERY DATE	October 9, 2018

1 There shall be no further accrual of interest from the Bond Maturity Date to the Bond Final Payment Date. Because of this lag in payment of principal and interest inherent in the payment terms of the Bonds and the one Business Day lag in payment, the effective yield on the Bonds will be lower than the Bond Net Pass-Through Rate on the Bond.

REMAINING TERM TO MATURITY (MONTHS)	192 months
NUMBER OF LOANS	1
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	25th day of the month following the month in which the MBS is delivered, or the following Business Day if such day is not a Business Day
POOL FINAL PAYMENT DATE	October 25, 2034, estimated, or the following Business Day if such day is not a Business Day
SECURITY TYPE	Fannie Mae MBS
SELLER NAME	Prudential Multifamily Mortgage, LLC
SERVICER NAME	Prudential Asset Resources
POOL NUMBER	109786
% OF INITIAL POOL BALANCE	100%
MULTIFAMILY SCHEDULE OF LOAN INFORMATION *(Information provided by Lender for this Official Statement)*	
LOAN MATURITY DATE	October 1, 2034
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
LTV	62%
UW NCF DSCR(x)	1.18
BALLOON	Yes
OTHER DEBT	Yes
ORIGINAL UPB	$15,618,000
ISSUANCE UPB	$15,618,000
ISSUANCE UPB/UNIT	$167,935
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM	YM (120months); 1% (69 months); 0 (3 months)
PREPAYMENT PREMIUM END DATE	June 30, 2034
FIRST LOAN PAYMENT DATE	November 1, 2018
ORIGINAL TERM (MONTHS)	192 months
AMORTIZATION TERM (MONTHS)	35 years (420 months)
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	October 30, 2020
INTEREST ONLY TERM (MONTHS)	24 months
LOAN PURPOSE	Acquisition/Rehabilitation
ISSUANCE NOTE RATE (%)	4.48%
MONTHLY DEBT SERVICE	$73,719.91 (amortizing)
MONTHLY DEBT SERVICE AMOUNT PARTIAL IO	$54,420.05 if the prior month was a 28-day month; $56,363.63 if the prior month was a 29-day month;

	$58,307.20 if the prior month was a 30 day month; and $60,250.77 if the prior month was a 31-day month
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
COLLATERAL INFORMATION *(Information provided by Lender for this Official Statement)*	
PROPERTY NAME	One Church Street Apartments
PROPERTY STREET ADDRESS	1 Church Street
PROPERTY CITY	San Francisco
PROPERTY STATE	California
PROPERTY ZIP CODE	94114
PROPERTY COUNTY	San Francisco
MSA	San Francisco, CA PMSA (7360)
YEAR BUILT	2002
PHYSICAL OCCUPANCY	96.8% (as of 9/4/18)
UNDERWRITTEN ECONOMIC OCCUPANCY	95.75%
ISSUANCE LTV	62%
UNDERWRITTEN EFFECTIVE GROSS INCOME	$1,855,096
UNDERWRITTEN TOTAL OPERATING EXPENSES	$784,956, excluding reserves
UNDERWRITTEN REPLACEMENT RESERVES	$250 per unit per year
UW NCF ($)	$1,046,890
CROSS-COLLATERALIZED (Y/N)	No
CROSS-DEFAULTED (Y/N)	No
GENERAL PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Fee Simple
PROPERTY VALUE	$25,200,000 (as of February 2, 2018)
SEISMIC RISK	Property does not contain seismic risk factors that would require Earthquake insurance; therefore Earthquake insurance is not required.
TERRORISM INSURANCE COVERAGE (Y/N)	No
TOTAL NUMBER OF UNITS	93
AFFORDABLE HOUSING TYPE	Both LIHTC & Project Based HAP; HOME; HOPWA; California Welfare Tax Exemption; Section 8 HAP on 31 Units
TAXES CURRENTLY ESCROWED	Yes (Direct Charges and Special Assessments only)
PROPERTY OWNER	Hermann Street Associates, L.P.
SPONSOR	Bridge Housing Corporation
PROPERTY MANAGER	Bridge Property Management Company
PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 8,600 affordable housing units in California. The Property Manager has 30 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.

MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
CRA INFORMATION *(Information provided by Borrower for this Official Statement)*	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	68% (63 units)
UNITS AT OR BELOW 60% OF MEDIAN INCOME	32% (30 units)
UNITS WITH INCOME OR RENT RESTRICTION %	100% (93 units)
AGE RESTRICTED INDICATOR	No
TAX ABATEMENT	Partial (California Welfare Tax Exemption)
TAX CREDIT INVESTOR	Merritt Community Capital Corporation
REGULATORY AGREEMENTS OVERSEER	California Municipal Finance Agency; City of San Francisco; California Tax Credit Allocation Committee.
REGULATORY AGREEMENT SET-ASIDES	LIHTC – 100% of units rented to tenants whose income is at or below 60% of AMI for an initial 15-year compliance period. Under the Regulatory Agreement the Borrower is required to rent at least 40% of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located; and restrictions include as set forth above: 68% (63 units) at or below 50% AMI; 32% (30 units) at or below 60% AMI; with 100% of units subject to these set-aside restrictions.
LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY	The Project has applied for and received 4% LIHTC in the State of California, which requires a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. The project must have tax exempt financing for over 50% of project cost in order to be eligible for LIHTC.