

## BOND PURCHASE AGREEMENT

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Housing Authority of the City of Chula Vista  
Multifamily Housing Revenue Bonds  
(Garden Villas) Series 2014A

June \_\_, 2014

Housing Authority of the City of Chula Vista  
276 Fourth Avenue  
Chula Vista, California 91910

Kiku Gardens Housing Partners, LP  
5031 Birch Street, Suite F,  
Newport Beach, CA 92660  
Attention: Socorro Vasquez

With a copy to: Kiku Gardens Development, LLC  
PO Box 33882  
San Diego, CA 92163

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Housing Authority of the City of Chula Vista, a public body corporate and politic, organized and existing under the laws of the State of California (the “Issuer”) and Kiku Gardens Housing Partners, LP, a California limited partnership (the “Borrower”). This offer is made subject to the Issuer’s and the Borrower’s acceptance on or before 10:00 a.m., Pacific time, of the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Underwriter, all as of 12:30 p.m., Pacific time, on the date hereof.

The Issuer is authorized to issue the above-captioned bonds (the “Bonds”) pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (the “Act”) and pursuant to the Bond Resolution. The Bonds shall be as described in and shall be issued pursuant to a Trust Indenture, dated as of June 1, 2014 (the “Indenture”), by and between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Indenture.

Simultaneously with the issuance of the Bonds, there will be executed and delivered a Loan Agreement, dated as of the date of the Indenture (the “Loan Agreement”), between the Issuer and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower (the “Bond Loan”) for the purpose of financing the acquisition, rehabilitation and equipping of a 100-unit apartment complex known as Garden Villas, and located in the City of Chula Vista, California (the “Project”). To evidence its repayment obligations under the Loan Agreement, the Borrower will execute a promissory note, dated the Closing Date (the “Bond Note”).

The Bonds are limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. At all times the Bonds will be secured by Eligible Investments and Available Moneys sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds at maturity, as further described herein.

The Project is required to be operated in compliance with a Regulatory Agreement, dated as of the date of the Indenture (the “Regulatory Agreement”), between the Borrower and the Issuer.

The Project will utilize a loan (the “Taxable Mortgage Loan”) to be made by Citibank, N.A. (the “Freddie Mac Lender”) pursuant to the Freddie Mac Guide and Freddie Mac Loan Commitment in the amount of \$\_\_\_\_\_ which will be secured by a first lien Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement (California) (the “Taxable Mortgage”) and certain other documents between the Borrower and the Freddie Mac Lender (collectively, the “Taxable Loan Documents”) and is expected to be sold by the Freddie Mac Lender to Freddie Mac following the initial funding of the Taxable Mortgage Loan by the Freddie Mac Lender and satisfaction of certain conditions. Neither the owners of the Bonds nor the Trustee will have rights under the Taxable Loan Documents. Neither the owners of the Bonds nor the Trustee will have a lien on the real estate on which the Project is located.

On or prior to the Closing Date, the Underwriter shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Underwriter:

- (a) Indenture;
- (b) Loan Agreement;
- (c) Regulatory Agreement;
- (d) Continuing Disclosure Agreement;
- (e) Bond Note;
- (f) Bonds;
- (g) Official Statement (as defined below); and
- (h) Bond Purchase Agreement.

The foregoing documents are hereinafter collectively referred to as the “Bond Documents.” The Bond Documents executed by the Issuer shall be referred to herein as the “Issuer Documents.” The Bond Documents executed by the Borrower shall be referred to herein as the “Borrower Documents.” The Bond Documents executed by the Trustee shall be referred to herein as the “Trustee Documents.”

## **SECTION 1. Purchase and Sale of the Bonds**

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Bonds for a purchase price of 100% of the principal amount of the Bonds. The Bonds shall bear interest at the rates and mature on the dates as provided in Schedule I hereto and have such other terms as provided in the Indenture and described in the Official Statement. The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to \$\_\_\_\_\_ (the "Underwriting Fee"), from which the Underwriter will pay certain expenses including the fees and expenses of its counsel. The Underwriting Fee shall be due and payable in immediately available funds on the Closing Date, solely and exclusively from funds provided by the Borrower.

The Issuer will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Trustee (the "Closing") at or prior to 10:00 a.m., Pacific time, on June \_\_, 2014, or at such other time not later than seven days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree (the "Closing Date"). One Bond will be delivered, registered in the name of Cede & Co. to the Trustee as agent for The Depository Trust Company on or prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a "definitive" form.

## **SECTION 2. Official Statement**

(a) The Borrower has delivered or will deliver to the Underwriter, without charge, in such quantities as the Underwriter has requested or may hereafter reasonably request, copies of the Preliminary Official Statement dated November 7, 2013, prepared with respect to the Bonds (the "Preliminary Official Statement"), the final Official Statement dated or to be dated \_\_\_\_\_, 2014, prepared with respect to the Bonds (the "Official Statement") and any amendments or supplements thereto. The Borrower will be responsible for any costs associated with printing and mailing and the Preliminary Official Statement and the Official Statement.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule") in connection with the offer and sale of the Bonds and each agrees to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the Rule. To this end, the Borrower has delivered to the Underwriter the Preliminary Official Statement that the Borrower deemed final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the Bonds depending on such matters and the identity of the Underwriter. To evidence this, the Borrower will execute and deliver a certificate in the form attached as Exhibit C hereto. The Issuer has complied with all of its previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement and the Official Statement). The Borrower, its members and all entities affiliated with the Borrower and its members have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement and the Official Statement).

(c) The Issuer and the Borrower have authorized the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement. The Issuer and the Borrower each hereby approve the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds by the Underwriter.

(d) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter (i) to send a single copy of the Official Statement with any confirmation that requests payment for a Bond, and in any event within seven business days after the date hereof, and to any potential customer upon request until the earlier of (A) 90 days after the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the Municipal Securities Rulemaking Board. The Underwriter agrees to promptly file the Official Statement with a nationally recognized municipal securities information repository. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public, provided that the “End of the Underwriting Period” will be deemed to be the Closing Date unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds.

(e) If, during the period from the date hereof and ending on the earlier of (i) 90 days after the End of the Underwriting Period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, any event occurs as a result of which the Official Statement for the Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer” (insofar as the information under such caption pertains to the Issuer), or the Borrower shall promptly notify the Underwriter thereof and shall (in either case, at the expense of the Borrower), upon the request of the Underwriter, prepare and deliver to the Underwriter, as many copies of an amendment or supplement which will correct such statement or omission as the Underwriter may reasonably request.

(f) The Issuer and the Underwriter agree to cooperate with the Borrower to minimize any expenses incurred in connection with the preparation and distribution of any amendments or supplements to the Preliminary Official Statement, the Official Statement and/or any remarketing memoranda required by the foregoing provisions.

**SECTION 3. Issuer’s Representations and Warranties and Agreements.** The Issuer represents, warrants to, and covenants and agrees with, the Underwriter and the Borrower that:

(a) On the date hereof and on the Closing Date, the statements and information pertaining to the Issuer, including, without limitation, its functions, duties and responsibilities, contained in the Official Statement, are and will be true, correct and complete in all material respects, and the Official Statement does not and will not omit any statement or information which is necessary to make such statements and information pertaining to the Issuer, including without limitation, its functions, duties and responsibilities, in light of the circumstances under which they are made, not misleading in any material respect.

(b) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the State pursuant to which the Issuer was created;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents;

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and the Official Statement;

(v) Contesting in any way the completeness or accuracy of the Official Statement or any amendment or supplement thereto (nor to the actual knowledge of the Issuer, is there any basis therefor); or

(vi) Wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, the financial position or condition of the Issuer or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(c) The Issuer is a duly organized and existing public body corporate and politic and an instrumentality of the State, established by and acting pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority under the Constitution and the laws of the State: (i) to enter into the Issuer Documents; (ii) to adopt the Bond Resolution; (iii) to issue, sell and deliver the Bonds to the Underwriter under the Indenture and as provided herein; (iv) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of the Indenture, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Indenture, all in the manner described in the Bond Resolution, the Indenture and the Loan Agreement; and (v) to carry out, give effect to and consummate all the other transactions contemplated by the Issuer Documents, the Bond Resolution and the Official Statement.

(d) The Issuer has duly and validly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of the Bonds, the Issuer Documents and the Official Statement, and has duly authorized and approved the performance by the Issuer of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of those documents, and at the Closing Date, the Bonds and the Issuer Documents will constitute the valid, legal and binding obligations of the Issuer (assuming due authorization, execution and delivery by the other parties thereto, where necessary) in accordance with their respective terms and the Bond Resolution and will be in full force and effect.

(e) The Issuer's execution and delivery of the Bonds and the Issuer Documents, the Issuer's consummation of the transactions contemplated by such documents, and the Issuer's fulfillment of or compliance with the terms, conditions or provisions thereof will not conflict with, violate or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or of any agreement, instrument, statute, governmental rule or regulation, law and order, judgment or decree to which the Issuer is now a party or by which it is bound, and will not constitute a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, and will not result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature upon any property or assets of the Issuer prohibited under the terms of any such agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree.

(f) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the trust estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution.

(g) The Issuer has complied, and will at the Closing Date be in compliance, in all respects with the Bond Resolution and the Issuer Documents.

(h) All approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or issuer having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder or under the Bonds or any of the Issuer Documents have been obtained and are in full force and effect.

(i) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

(j) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, provided that in connection therewith the Issuer shall not be required to file a general consent to service of process in any jurisdiction. In particular, the Issuer will comply with all securities laws, rules and regulations relating to continuing disclosure applicable to the Bonds or the Project, and will cause the Borrower and any other parties to which such laws, rules and regulations apply to comply with such requirements at all times that any of the Bonds are outstanding.

(k) Any certificate signed by the Authorized Signatory or other authorized officer of the Issuer shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

(l) The Issuer will apply the proceeds of the Bonds in accordance with the Indenture and as contemplated by the Official Statement.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(n) The Issuer has not taken or omitted to take on or before the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

The execution and delivery of this Bond Purchase Agreement by the Issuer shall constitute a representation to the Underwriter that the representations and warranties contained in this Section are true as of the date hereof.

**SECTION 4. Representations, Warranties and Agreements of the Borrower.** The Borrower represents and covenants with the Issuer and the Underwriter as follows:

(a) The Borrower is duly organized and existing as a limited partnership under the laws of the State of California, has full legal right, power and authority to own its properties and to conduct its business as described in the Official Statement and to enter into and to carry out and consummate the

transactions contemplated by the Borrower Documents, and is duly qualified to do such business and is in good standing wherever such qualification and/or standing are required, including the State.

(b) The information in the Official Statement under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS” and “NO LITIGATION—The Borrower” was, on the date thereof, and is, on the date hereof, true and correct and did not, on the date thereof, and does not, on the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(c) By all necessary action, the Borrower has duly authorized the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower of its obligations in connection with the issuance of the Bonds on its part contained in the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds.

(d) On the Closing Date, the Borrower Documents will constitute the valid, legal and binding obligations of the Borrower (assuming due authorization, execution and delivery by the respective other parties thereto, where necessary), enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors’ rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

(e) As of the date hereof, the Borrower is not in any material respect in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, which violation or breach of or default would have a material adverse affect upon the transactions contemplated by this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Borrower Documents, and compliance with the provisions on the Borrower’s part contained therein, to the best of Borrower’s knowledge, do not and will not conflict with or constitute on the part of the Borrower a violation or breach of or default under any constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound which violation, breach or default would have a material adverse affect upon the transactions contemplated by this Bond Purchase Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

(f) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to Borrower's actual knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers executing this Bond Purchase Agreement to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower's financial condition or operations, the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(h) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Borrower shall not be required to register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

(i) Any certificate signed by the Borrower and delivered to the Underwriter or the Issuer pursuant to the Indenture or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Underwriter and the Issuer as to the statements made therein as of the date thereof.

(j) The Borrower will not take or omit to take any action, within its direct or indirect control, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(k) The Borrower shall honor all other Borrower covenants contained in the Borrower Documents, which agreements are incorporated herein and made a part of this Bond Purchase Agreement.

The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Underwriter that the representations and warranties contained in this Section are true and correct in all material respects as of the date hereof.

## **SECTION 5. Indemnification**

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Underwriter and each affiliate, member, officer, director, official, supervisor, employee and agent past, present and future of the Issuer and the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") except any Liability arising from the gross negligence or willful misconduct of the



Underwriter or the gross negligence or willful misconduct of the Issuer caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the Bond Loan, the Loan Agreement, the Indenture, this Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Loan (the “Transaction Documents”) or any transaction or agreement, written or oral, pertaining to the foregoing or (ii) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact contained in the Official Statement under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS” and “NO LITIGATION—The Borrower,” or caused by any omission or alleged omission from the above-referenced sections of the Official Statement of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower’s expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower. Notwithstanding the foregoing provisions of this Section 5, the Borrower shall not be personally liable for the payment of principal or interest on the Bond Note.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(e) The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this section. The provisions of this Section will be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

(f) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement, the Regulatory Agreement or any other document.

All obligations under this Section are subject to the limitations in Section 18 of this Bond Purchase Agreement.

## **SECTION 6. Closing**

At 10:00 a.m., Pacific time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Underwriter, the Issuer shall direct the Trustee to deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company (“DTC”), New York, New York, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer shall deliver at the Issuer’s offices the Bond Documents and the Underwriter shall accept delivery of the Bonds and the Bond Documents and pay the purchase price for the Bonds by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer shall direct. As a condition precedent to such acceptance, the Underwriter shall have received the Underwriting Fee by wire transfer in immediately available federal funds to the order of the Underwriter, in such manner as shall be agreed upon by the Borrower and the Underwriter. If the Underwriter shall make such request, the applicable Bonds shall be made available to the Underwriter one business day before the Closing at the offices of DTC for purposes of inspection and packaging. The ownership of one fully registered Bond in the aggregate principal amount of the Bonds, each bearing a proper, duly assigned CUSIP number will be issued initially in the name of Cede & Co., as nominee of DTC.

## **SECTION 7. Closing Conditions of the Underwriter**

The obligation of the Underwriter to purchase the Bonds and the obligation of the Issuer to sell the Bonds to the Underwriter shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower in this Bond Purchase Agreement and the representations and warranties made in each of the Bond Documents by the respective parties shall be true and correct on this date and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations under this Bond Purchase Agreement, and the Issuer and the Borrower shall deliver certificates to such effect. The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) Except as may have been agreed to by Underwriter, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented.

(c) The Issuer and the Underwriter shall have received the legal opinion of Bond Counsel, in substantially the form set forth in Appendix B to the Official Statement, and the Underwriter shall have received a supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter in substantially the form set forth in Exhibit A hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer or the Borrower have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the Borrower shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Documents, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Underwriter.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Underwriter on this date with only such changes as the Underwriter may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 8 of this Bond Purchase Agreement shall have occurred.

(i) The Underwriter shall have received the opinion of counsel to the Borrower covering the points identified in Exhibit B hereto. Borrower hereby authorizes and directs its counsel to render such opinion to and for the benefit of the Underwriter.

(j) The Underwriter shall have received written evidence that Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, has issued its rating of "A-1[+]" with respect to the Bonds, and as of the Closing Date, the rating shall not have been withdrawn or lowered.

(k) The Underwriter shall have received a certificate of the Borrower to the effect that: (A) each of the representations and warranties set forth in the Borrower Documents is true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date, (B) no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect, and (C) Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date.

(l) The Underwriter shall have received an opinion of its counsel in substantially the form attached as Exhibit D hereto.

(m) The Underwriter shall have received certificates, dated the Closing Date, and signed by an Authorized Signatory of the Issuer, to the effect that the representations and warranties of the Issuer contained in this Bond Purchase Agreement are true and correct in all material respects on the date thereof with the same effect as if made on the date thereof; no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the

purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents at or prior to the date thereof.

(n) The Underwriter shall have received a tax certificate of the Issuer and the Borrower, dated the Closing Date, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Section 148 of the Code to support the conclusion that, among other things, none of the Bonds will be an “arbitrage bond.”

(o) The Underwriter shall have received a closing certificate from the Trustee in a form acceptable to the Underwriter.

(p) The Underwriter shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If any conditions to the obligations of the Underwriter or Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the Issuer, then, at the option of the Underwriter and the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 8 of this Bond Purchase Agreement, the obligations of the Underwriter and Issuer under this Bond Purchase Agreement shall terminate, and neither the Underwriter nor Issuer shall have any further obligations or liabilities under this Bond Purchase Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

## **SECTION 8. Termination**

The Underwriter may terminate its obligations under this Bond Purchase Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds to be registered under

the Securities Act of 1933, as amended, or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any event shall have occurred that, in the judgment of the Underwriter, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or that, in the judgment of the Underwriter, should be reflected therein in order to make the statements contained therein not misleading in any material respect and the Official Statement shall not have been supplemented or amended to reflect such event.

(c) (i) In the judgment of the Underwriter, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of this date shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (C) a general banking moratorium shall have been established by federal, New York or State authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to market the Bonds; (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or (iii) legislation shall have been introduced in or enacted by the Legislature of the State with the purpose or effect, directly or indirectly, of imposing State income taxation upon interest to be received by any owners of the Bonds or that would, in the reasonable judgment of the Underwriter, adversely affect an investment in or the security pledged for the Bonds.

(d) There shall have occurred any change that, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which: (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

(f) There shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's or Borrower's obligations.

## **SECTION 9. Expenses**

The Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the public offering of the Bonds such number of copies as may be requested by the Underwriter of the Preliminary Official Statement, the Official Statement, the Indenture, the Bond Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; the fees and expenses of the Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees of rating agencies in connection with the

rating of the Bonds; (e) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review; (f) the fees and expenses of counsel to the Underwriter; (g) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (h) all other expenses in connection with the public offer and sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

The Underwriter is required to pay fees to the California Debt and Investment Advisor Commission in connection with the Bond offering. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Borrower agrees to reimburse the Underwriter for such fees.

#### **SECTION 10. Notices**

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Citigroup Global Markets Inc., Citi Community Capital, 1801 California Street, Suite 3700, Denver, CO 80202, Attention: Brad Edgar.

#### **SECTION 11. Parties in Interest**

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including any successor or assignees of the Underwriter), and, except as provided in Section 5 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

#### **SECTION 12. Amendments**

This Bond Purchase Agreement may not be amended without the written consent of the Issuer, the Borrower and the Underwriter.

#### **SECTION 13. Survival of Representations and Warranties**

The representations and warranties of the Issuer and the Borrower shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Issuer and the Borrower and regardless of delivery of and payment for the Bonds.

#### **SECTION 14. Execution in Counterparts**

This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

#### **SECTION 15. No Prior Agreements**

This Bond Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the Issuer.

**SECTION 16. Effective Date**

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Issuer and the Borrower and shall be valid and enforceable as of the time of such acceptance.

**SECTION 17. Governing Law**

This Bond Purchase Agreement shall be governed by the internal laws of the State without giving effect to the conflict of law principles of the State.

**SECTION 18. Underwriter Not Acting as Advisor or Fiduciary**

The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively an advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and (iv) the Issuer and the Borrower have consulted their own legal, financial and other advisors to the extent they deem appropriate in connection with the offering of the Bonds.

[Remainder of Page Left Blank Intentionally]

[Underwriter's Signature Page to the Garden Villas Bond Purchase Agreement]

**CITIGROUP GLOBAL MARKETS INC.**

By: \_\_\_\_\_  
Brad Edgar, Director



[Issuer's Signature Page to the Garden Villas Bond Purchase Agreement]

**HOUSING AUTHORITY OF THE CITY OF  
CHULA VISTA**

By: \_\_\_\_\_  
Executive Director

[Borrower Signature Page to the Garden Villas Bond Purchase Agreement]

**KIKU GARDENS HOUSING PARTNERS, LP**

By: Hearthstone Housing Foundation,  
its managing general partner

By: \_\_\_\_\_  
Name: Velma de la Rosa  
Title: Authorized Signatory

**SCHEDULE I**

**AMOUNT, MATURITY, INTEREST RATE AND PRICE**

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Price</u>
\$ _____	[June 1, 2015]	____%	____%

**EXHIBIT A**

**SUPPLEMENTAL OPINION OF BOND COUNSEL**

June \_\_, 2014

Citigroup Global Markets Inc.  
Denver, CO

\$\_\_\_\_\_

Housing Authority of the City of Chula Vista  
Multifamily Housing Revenue Bonds  
(Garden Villas) Series 2014A

[After appropriate introductory language, the opinion shall state substantially as follows:]

We are of the opinion, as of the date hereof, as follows:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes the legally valid and binding agreement of the Issuer, enforceable in accordance with its terms.
2. The Bonds constitute exempted securities within the meaning of the Securities Act of 1933, as amended, and the Indenture is exempt from application of the Trust Indenture Act of 1939, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Act or to qualify any indenture under said Trust Indenture Act.
3. The Bonds and the Documents conform to the descriptions thereof contained in the Official Statement, and the statements contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE BONDS" (except under the subcaption "Book-Entry System"), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and in Appendices A, B, C, D and E, insofar as such statements purport to summarize certain provisions of the Bonds and the Documents and our Bond Counsel opinion, present a fair and accurate summary of such provisions.

Very truly yours,

**EXHIBIT B**

**BORROWER'S COUNSEL OPINION**

June \_\_, 2014

Citigroup Global Markets Inc.

U.S. Bank National Association

Housing Authority of the City of Chula Vista

\$\_\_\_\_\_

Housing Authority of the City of Chula Vista  
Multifamily Housing Revenue Bonds  
(Garden Villas) Series 2014A

[After appropriate introductory language, the opinion shall state substantially as follows:]

1. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of California and has all requisite limited partnership power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The Borrower is qualified to do business in the State of California.

2. The Borrower has full legal right, power and authority (a) to own its properties and conduct its business as described in the Official Statement and (b) to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents.

3. The Managing General Partner is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of California and has all requisite limited liability company power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The Managing General Partner is qualified to do business in the State of California.

4. By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents, and approved the execution and delivery of, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds. The individual[s] who have executed the Borrower Documents on behalf of the Managing General Partner of the Borrower have the authority to bind the Managing General Partner, and thereby the Borrower, to the terms and conditions of the Borrower Documents.

5. The Borrower Documents have been duly executed and delivered by the Borrower and, assuming the due authorization, execution and delivery of such agreements by the respective other parties thereto where necessary, if any, constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

6. The execution and delivery of the Borrower Documents, the performance by Borrower of its obligations thereunder and the consummation of the transactions contemplated therein are within the

organizational powers of Borrower and will not (i) conflict with or constitute a breach of the Borrower's organizational documents; (ii) to our knowledge, constitute a default under any indenture, mortgage, deed of trust or other material lien, lease, contract, note, order, judgment, decree or other material agreement, instrument or restriction of any kind to which Borrower is a party or by which any of its properties are bound or affected; or (iii) result in a violation of any constitutional or statutory provision or any material order, rule, regulation, decree or ordinance of any court, government or governmental authority known to us to be applicable to over the Borrower or its property.

7. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, the Borrower is not in any material respect in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Bonds and the Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, do not and will not conflict with, or constitute on the part of the Borrower a violation of, breach of or default under, any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

8. As of the Closing Date, all consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

9. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best of our knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated thereby; nor, to the best of our knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition or operations of the Borrower or the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document.

10. Nothing has come to our attention that would lead us to believe that the statements and information with respect to Project and the Private Participants contained in the Official Statement under the captions "PLAN OF FINANCING," "THE PROJECT AND THE PRIVATE PARTICIPANTS," and

“NO LITIGATION—The Borrower” (except as to the statistical and financial data included in the Official Statement with respect to which we do not express any opinion), contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. The Borrower may not plead the defense of usury or maintain an action for usury with respect to the loan(s) being made under the Transaction Documents.

Very truly yours,

## EXHIBIT C

### BORROWER'S RULE 15c2-12 CERTIFICATE

§ \_\_\_\_\_

Housing Authority of the City of Chula Vista  
Multifamily Housing Revenue Bonds  
(Garden Villas) Series 2014A

The undersigned hereby certifies and represents to Citigroup Global Markets Inc. (the "Underwriter") that he/she is authorized to execute and deliver this certificate on behalf of Kiku Gardens Housing Partners, LP, a California limited partnership (the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Issuer Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above-captioned bonds (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date of this certificate, setting forth information concerning the Bonds and the Borrower (the "Preliminary Official Statement").

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The sections of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" and "APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement, dated as of June 1, 2014, by and between the Borrower and U.S. Bank National Association, in its capacity as trustee and dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

(f) The Borrower, its members and all entities affiliated with the Borrower and its members have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement).

Dated: June \_\_, 2014

[Remainder of Page Intentionally Left Blank]



[Signature Page to Borrower's Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand this as of the date set forth above.

**KIKU GARDENS HOUSING PARTNERS, LP**

By: Hearthstone Housing Foundation,  
its managing general partner

By: \_\_\_\_\_  
Name: Velma de la Rosa  
Title: Authorized Signatory

**EXHIBIT D**

**UNDERWRITER'S COUNSEL OPINION**

June \_\_, 2014

Citigroup Global Markets Inc.  
390 Greenwich Street, 2nd Floor  
New York, NY 10013

\$ \_\_\_\_\_  
Housing Authority of the City of Chula Vista  
Multifamily Housing Revenue Bonds  
(Garden Villas) Series 2014A

Ladies and Gentlemen:

We have acted as counsel to Citigroup Global Markets Inc. (the "Underwriter") in connection with the issuance of the above-captioned bonds (the "Bonds"), issued pursuant to a Trust Indenture, dated as of June 1, 2014 (the "Indenture"), by and between the Housing Authority of the City of Chula Vista, a joint exercise of powers agency duly organized and validly existing under the laws of the State of California (the "Issuer") and U.S. Bank National Association, as trustee (the "Trustee"). As such counsel, we have reviewed such records, certificates, opinions and documents as we have deemed necessary or appropriate for the purpose of this opinion.

Upon the basis of such examination, we are of the opinion that (a) under the existing laws, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended and (b) assuming the validity of the Continuing Disclosure Agreement, dated as of the date of the Indenture (the "Continuing Disclosure Agreement"), by and between Kiku Gardens Housing Partners, LP, a California limited partnership (the "Borrower"), and the Trustee, the undertakings contained therein are sufficient to comply with the requirements of Section (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

In connection with the preparation of the Official Statement (the "Offering Document") used in connection with the initial issuance and sale of the Bonds on the date hereof, we have reviewed generally information furnished to us by, and have participated in conferences with, representatives of the Issuer, Stradling, Yocca, Carlson & Rauth, Bond Counsel, the Borrower, Katten Muchin Rosenman LLP, counsel to the Borrower, Hessel, Aluisse and Neun, P.C., counsel to the Borrower, the Trustee and the Underwriter. We also have reviewed the documents relating to the Bonds described in the Offering Document and other documents and records relating to the issuance and sale of the Bonds. In addition, we have relied upon certificates of officials of the Issuer, the Borrower and the Trustee and opinions from Bond Counsel and Borrower's counsel. However, we have not independently verified any factual matters in connection with or apart from the aforementioned review and conferences and, accordingly, we do not express any view or belief as to matters that might have been disclosed by independent verification.

Although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not assume any responsibility for, the information included in the Offering Document (subject to the qualifications set forth herein), no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance of the Bonds which causes us to believe that the Offering Document (except for the financial statement, financial, statistical

and numerical information, forecasts, estimates, assumptions and expressions of opinion, as to which we express no view), as of its date contained, or as of the date of this opinion contains, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In rendering this opinion, as to matters of California law, we reviewed and assumed the correctness of the authorizing opinion of Bond Counsel, and of the opinion of counsel to the Borrower, each dated the date hereof, and we have relied upon the other opinions and certificates delivered in connection with the purchase of the Bonds. No opinion is expressed herein with respect to the status of the offer or sale of the Bonds under the Blue Sky laws of any jurisdiction.

This letter, and the legal opinions and other statements herein, are intended for the information solely of the addressees hereof and solely for the purposes of the transactions contemplated by the Indenture and are not to be relied upon by any other person or entity, or for any other purpose, or quoted in whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or other administrative agency or other person or entity for any purpose without our prior written consent.

We bring to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions and conclusions expressed herein.

Respectfully submitted,

EICHNER NORRIS & NEUMANN PLLC

By: \_\_\_\_\_