

EXHIBIT 3

August 10, 2021

Ms. Anne B. Wilson
Chief Real Estate Development Officer
Linc Housing Corporation
3590 Elm Avenue
Long Beach, California 90807

Mr. Michael Ruane
Executive Vice President
National Community Renaissance of California
9421 Haven Avenue
Rancho Cucamonga, California 91730

Re: Loan Commitment in the amount of \$22,400,000
APN: 5637-023-806
515 Pioneer Drive, Glendale, California

Dear Ms. Chan and Mr. Ruane:

On behalf of the Glendale Housing Authority (“**Housing Authority**”), I am pleased to inform you that the Housing Authority has approved a commitment to make a loan in the amount of \$22,400,000 (consisting of \$12,400,000 for land and a \$10,000,000 development loan) to a partnership to be formed by and between Linc Housing Corporation, a California nonprofit public benefit corporation (or an affiliate approved by the Housing Authority), and National Community Renaissance of California, a California nonprofit public benefit corporation (or an affiliate approved by the Housing Authority), collectively referred to as the “**Borrower**”, for the development of 340 units of affordable rental housing for extremely low, very low, and low income seniors and families (including three manager’s units) and ancillary facilities (the “**Project**”) on the site generally described as Assessor Parcel Number 5637-023-806 (“**Site**”), located at 515 Pioneer Drive in Glendale, California. As noted below, this commitment is contingent on the Project being awarded 4% Low Income Housing Tax Credits, and is subject to the terms and conditions set forth in this letter.

Unless otherwise agreed in writing by the Housing Authority in its sole discretion, the Housing Authority’s approval of this financing commitment is subject to and contingent upon the following terms and conditions. In addition, the Housing Authority reserves the right, upon receipt,

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discovery, or notice of previously unidentified and materially relevant information, in the exercise of its sole discretion, to modify any of the terms, conditions or requirements set forth in this letter upon written notice to Borrower.

This commitment will expire at 5 p.m. on December 31, 2022, subject to extension as more particularly set forth in that certain Exclusive Negotiation Agreement dated concurrently herewith.

TERMS AND CONDITIONS

1. The Project will consist of Borrower's ground lease of the Site and the new construction of 340 units of rental housing, consisting of 92 affordable senior units (a mix of 32 studio and 60 one-bedroom units) and 245 affordable family units (a mix of 200 one-bedroom units and 45 two-bedroom units) and three two-bedroom manager units. All units except the manager's units must be occupied by and restricted to lower income households pursuant to the California Tax Credit Allocation Committee (80% of Los Angeles County area median income or lower), at affordable rents for at least 55 years. Additional restrictions will be placed on the gross rents (including a utility allowance) to be charged for certain of the units, as follows: a minimum of 14 units must be rented to extremely low income residents (as defined by the California Health and Safety Code ("HSC")) at 30% of 30% of area median income and a minimum of 68 units must be rented to low income residents (as defined by the HSC) at 30% of 60% of area median income.
2. This \$22,400,000 loan commitment is contingent upon Borrower receiving a preliminary reservation of 4% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("CTCAC") to finance the Project approximately as follows (these are current projections and are subject to change). At least two business days before submittal to CTCAC, the Borrower must submit to the Housing Authority a copy of its application for Low Income Housing Tax Credits substantially in the form that will be submitted to CTCAC.

Sources - Permanent

Tax Credit Equity	\$74,436,385	
City of Glendale Housing Authority (Land Loan)	\$12,400,000	(\$36,471/unit)
City of Glendale Housing Authority (Development Loan)	\$10,000,000	(\$29,412/unit)
Multifamily Housing Revenue Bond Financing	\$35,216,420	
Accrued and Deferred Soft Loan Interest	\$1,904,000	
Developer Fee Contribution	\$4,385,789	
<u>Deferred Developer Fee</u>	<u>\$4,924,069</u>	
Total Sources of Funds	\$143,266,763	

3. The Housing Authority Loan will be for the value of the land as evidenced by appraisal dated May 19, 2021 in the original principal amount of \$12,400,000 and a development

loan in the original principal amount of \$10,000,000, each with simple interest at 3% per annum from the date of disbursal. Loan payments shall be payable exclusively from 50% (subject to adjustment proposed by Borrower and approved by the Housing Authority) of annual residual receipts, net sale proceeds and net refinancing proceeds. The terms of the Residual Receipts obligation, including identification of all of Borrower's obligations having a priority over the Housing Authority's right to receive Residual Receipts, will be set forth in the promissory note to be attached to the loan agreement.

4. This commitment is based on Borrower's current estimates of total development costs, including demolition costs, as shown in paragraph 2. Borrower will be responsible, without cost to the Housing Authority, for any additional sources of funds that may be needed to complete the Project. Borrower agrees that the Housing Authority Loan will be reduced to the extent the project is eligible for additional funding not needed to pay Project costs and to the extent that, upon completion, there are cost savings (all as to be set forth in more detail in the loan agreement).
5. Borrower will ground lease the Site for a term of 55 years from the date of recordation of the regulatory agreement by Borrower in favor of the California Tax Credit Allocation Committee, or such longer period as mutually agreed upon by the Housing Authority and Borrower and required by the tax credit investor, upon terms and conditions approved by the Housing Authority.
6. This letter is not intended to describe all of the requirements, terms, conditions and documents necessary for the Housing Authority Loan. A loan agreement, including the form of promissory note, deed of trust and related documents, will be prepared, and is subject to execution by the Borrower prior to its consideration by the governing body of the Housing Authority. The final form of the loan agreement approved by Borrower shall be subject to the discretionary approval of Housing Authority and shall include all provisions and attachments customarily included in Housing Authority loan agreements.
7. The Housing Authority reserves the right to fund the Housing Authority Loan using HOME Funds and/or Low and Moderate Income Housing Asset Funds and/or Measure S Funds provided by the City of Glendale, or any combination thereof. The Borrower must comply with all applicable requirements relating to the funding source. Separate promissory notes will be used to evidence the repayment obligations relating to each funding source. The loan agreement will set forth all conditions precedent to the disbursement of the Housing Authority Loan.
8. The Project must be constructed in accordance with all applicable laws, rules and regulations.

9. The Borrower must comply with State Prevailing Wage and/or Federal Davis-Bacon requirements, as applicable.
10. Borrower must prepare and submit a “sources and uses” project budget for approval by the Housing Authority as an attachment to the loan agreement. Line item estimates of the uses of funds must be supported by such documentation, including appraisals and construction cost estimates, as may reasonably be required by the Housing Authority Executive Director. The final sources and uses of funds for the Project must be consistent with the approved Project budget except as otherwise approved by the Housing Authority Executive Director. The Housing Authority Loan will be disbursed to pay or reimburse Borrower for payment of costs in the approved project budget in accordance with disbursement procedures and requirements to be included in the loan agreement.
11. The Borrower must submit an audited cost certification following completion of construction and after the completion of construction must submit for each year during the term of the Housing Authority Loan an annual audited income and expense statement, balance sheet and statement of all changes in financial position, signed by an authorized officer of Borrower.
12. The Housing Authority Loan will be evidenced by a limited-recourse promissory note (subject to customary non-recourse carve-outs), and will be secured by a deed of trust and other customary loan documents, which will be subordinated to senior construction and permanent loan deeds of trust, provided the senior lender(s) agree to provide the Housing Authority with reasonable notice and cure rights that protect the Housing Authority’s investment in the event of a default by Borrower.
13. The Housing Authority Loan promissory note will include definitions of “residual receipts” and related terms, consistent with other Housing Authority residual receipts loan documents.
14. The Housing Authority Loan documents will contain mutually agreeable provisions prohibiting direct or indirect transfers of Borrower’s interests in the Site, the Project and/or the Housing Authority Loan Agreement without the reasonable prior written consent of the Housing Authority Executive Director.
15. The Housing Authority Loan documents will describe events of default which will permit the Housing Authority, after notice and opportunity to cure, to pursue appropriate remedies, including acceleration of the Housing Authority Loan. These events may include, but are not limited to, failure to complete the development of the Project as required by the loan agreement, failure to comply with use restrictions, prohibited transfers of interests in the Borrower or in the Project without the reasonable prior consent of the Housing Authority,

failure to comply with terms and conditions of the loan agreement, note or deed of trust, and similar occurrences.

16. At the closing, the Housing Authority will receive an ALTA lender's policy of title insurance, showing the Housing Authority deed of trust junior in priority only to deeds of trust to which the Housing Authority has agreed to subordinate its interests.
17. The Project must have received all discretionary approvals and all land use entitlements, approvals and permits necessary for its development and all City fees must have been paid in connection therewith at least two weeks before Borrower submits its CTCAC application.
18. The Borrower must prepare and submit a scope of development for approval by the Housing Authority as an attachment to the loan agreement. The scope of development must be consistent with the Project description contained in the Exclusive Negotiation Agreement dated as of February 16, 2021, by and between the Housing Authority and LINC Housing Corporation/National Community Renaissance of California and must include designing the Project to receive a LEED Gold rating from the U.S. Green Building Council. The Housing Authority Executive Director will have the right to review and approve all design drawings and plans for the Project. All plans for the construction of the Project will be subject to applicable City of Glendale design review approval procedures, and must be consistent with and a logical evolution of the scope of development, except as otherwise approved by the Housing Authority Executive Director. The Housing Authority's financial assistance to the Project will be predicated on the right of designated representatives of the Housing Authority to participate in weekly construction meetings during the construction of the Project and to approve proposed finishes, colors, fixtures, and all like matters.
19. The Project and the approval of the loan agreement will be subject to compliance with all applicable environmental requirements (e.g., CEQA or NEPA). The Borrower, at its sole cost and expense, will be responsible for compliance with CEQA in connection with the development of the Property and the Project. The Borrower will be solely responsible for paying any and all costs and expenses (taking into account the availability of applicable CEQA exemptions) associated with the Housing Authority's compliance with applicable CEQA requirements (including, without limitation, any required Environmental Impact Report and/or other required environmental documents). The Borrower will respond fully and in a timely manner to requests for information from the Housing Authority and any of its consultants. The provision of any funds to the Project is conditioned on the Housing Authority's and the City's determination to proceed with, modify or cancel the Project based on the results of the subsequent environmental review. Borrower must not undertake or unconditionally commit any funds to physical or choice-limiting actions, including

property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the Project receiving environmental clearance.

20. The Borrower's General Contractor (including the bid process to be used), architect, construction lender, permanent lender, Tax Credit investor, relocation consultant, Davis Bacon Wage Compliance consultant, if applicable, and other lenders, consultants and service providers, including but not limited to the property manager, will be subject to the reasonable approval of the Housing Authority's Executive Director. The Housing Authority will also have the right to review and approve any and all contracts and agreements with such entities for the Project. The Housing Authority approves National Community Renaissance of California as the project's General Contractor and as the project's property manager as of the date of this agreement. Any change in management and/or control of the approved General Contractor or property manager shall require approval by the Housing Authority's Executive Director or designee.
21. The Borrower must prepare and submit a schedule of performance providing for the timely satisfaction of all conditions precedent to the closing and the timely commencement and completion of construction, for approval by the Housing Authority as an attachment to the loan agreement. Except as otherwise approved by the Housing Authority Executive Director and subject to reasonable force majeure delays, failure to comply with the schedule of performance will be a default under the terms of the loan agreement.
22. At the respective times provided in the schedule of performance, Borrower must submit for approval by the Housing Authority Executive Director evidence of financing consistent with the loan agreement and sufficient to completely finance the development of the Project.
23. At the closing, the Borrower must execute an Agreement Containing Covenants, restricting for at least 55 years the maximum income of tenants and the maximum rents that may be charged to tenants, which will be recorded in senior position against Borrower's interest in the Site. The Agreement Containing Covenants will require Housing Authority approvals of the housing management company and the management plans relating to the management and operation of the Project and will set forth the Borrower's compliance reporting obligations.
24. The Borrower will cooperate with the Housing Authority by providing preliminary title reports, market studies, soils reports, surveys, phase I environmental report and additional information and data relating to the Site, the Project, the proposed financing or the Borrower, as the Housing Authority may reasonably request.
25. The Borrower must indemnify and hold the Housing Authority harmless for any costs relating to hazardous materials affecting the Site. Prior to the closing, Borrower will

conduct such additional environmental testing as may be necessary to determine that hazardous materials are not present on the Site, or that any hazardous materials on the Site may be remediated without adversely affecting the feasibility of the Project. The Borrower must execute an environmental indemnity in favor of the Housing Authority similar to the form of environmental indemnity used in other Housing Authority transactions. Notwithstanding the foregoing, Borrower shall have no obligation to indemnify an Indemnified Party, as defined herein, for loss, liability, claims, damages and expenses arising from Borrower's mere discovery of hazardous substances already present on the Site prior to the commencement of this financing commitment, so long as Borrower has not contributed to the placement, release or migration of such pre-existing hazardous substances. Indemnified Party shall mean the Glendale Housing Authority, the City of Glendale, and their respective officers, employees, attorneys, agents, insurers and volunteers.

26. Borrower must submit for Housing Authority approval all applicable corporate and partnership or limited liability formation documents, agreements with the tax credit investor, evidence of good standing, and authorizing resolutions.
27. Borrower must obtain and maintain policies of insurance in the form and in the amounts required by the Housing Authority, not including earthquake insurance, naming the Housing Authority as an additional insured or loss payee, as applicable, and meeting the insurance requirements customarily included in Housing Authority loan agreements.
28. Prior to closing of construction financing, the Borrower must obtain and submit evidence of insurance, additional insured and loss payee endorsements, evidence of financing commitments, copies of construction loan documents and such other documentation as required by the loan agreement.

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If you have any questions, please do not hesitate to call Mike Fortney at 818-548-3723. Please acknowledge your consent to the foregoing terms and conditions by signing and returning a copy of this letter.

Sincerely,

GLENDALE HOUSING AUTHORITY

By: _____
Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____
Michael J. Garcia

KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____
Deborah L. Rhoads

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Linc Housing Corporation and National Community Renaissance of California each hereby acknowledge and consent to all of the terms and conditions set forth in this letter.

LINC HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____

Date: _____

Anne B. Wilson
Chief Real Estate Development Officer

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,
a California nonprofit public benefit corporation

By: _____

Date: _____

Michael Ruane
Executive Vice President