$25,000,000

HOUSING TRUST SILICON VALLEY

Notes due October 31, 2021, October 31, 2024 or October 31, 2029, as applicable

The Company:
Housing Trust Silicon Valley (Housing Trust) is leading the effort to create a strong affordable housing market in the greater Bay Area, including making more loans than any other nonprofit housing lender in the region. From the homeless to renters to first-time homebuyers, we assist a wide range of residents with programs across the entire spectrum of housing issues. Our financial expertise and extensive private and public sector partnerships ensure we make the most out of every dollar so local residents can secure stable and affordable housing that works for them and their families. The Company is certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of Treasury CDFI Fund. We were the first nonprofit CDFI to be rated by Standard and Poor's and received an AA- rating in 2015, which was renewed annually, including most recently in January 2019 at AA-. We are nationally recognized for providing the resources and leadership needed to make housing more affordable for those in the 13 county greater Silicon Valley, San Francisco Bay and Monterey Bay Areas.

The Offering:

We intend to use the proceeds of this offering to increase our multifamily lending by capitalizing our revolving multifamily loan fund. The multifamily loan fund provides loan capital to community-based, nonprofit and for-profit mission-aligned affordable housing developers that help to increase and improve the availability of quality affordable housing in our region. The multifamily loan fund will make short-term loans to provide start-up capital for affordable housing development.

The Community Impact Notes (the "Community Impact Notes"):

- Maturity: October 31, 2021, October 31, 2024 or October 31, 2029, as applicable
- Interest: 1.25%, 1.5% or 2.0%, as applicable
- Ranking: Senior unsecured debt that is senior or pari passu to existing debt

Investing in the Community Impact Notes involves risks. See the "Risk Factors" section beginning on page 6 of this offering memorandum to read about factors you should consider before purchasing the Community Impact Notes.

Offering Price: 100% of Principal Amount of Community Impact Notes

The Community Impact Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. Unless they are registered, the Community Impact Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction.

The date of this offering memorandum is August 8, 2019.

You should only rely on the information contained in this offering memorandum. We are responsible only for the information contained in this offering memorandum. To the best of our knowledge, the information contained in this offering memorandum is true and accurate in all material respects as of the date on the front cover of this offering memorandum, and there are no other facts, the omission of which makes this offering memorandum misleading in any material respect.

We have not authorized anyone to provide any information other than that contained in this offering memorandum and we take no responsibility for any other information that others may give you. If any person provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, properties, results of operations or financial condition may have changed since that date. Neither the delivery of this offering memorandum nor any sale of the Community Impact Notes hereunder implies, under any circumstances, that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

TABLE OF CONTENTS

We are making this offering in reliance on an exemption from registration under the Securities Act of 1933, as amended, (the "Securities Act"), for offers and sales of securities that do not involve a public offering. The Community Impact Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Community Impact Notes. Persons into whose possession this offering memorandum is delivered must inform themselves about and observe those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the Community Impact Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and we will not have any responsibility therefor.

We are not making an offer to sell the Community Impact Notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum summarizes documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the information we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the Community Impact Notes, including the merits and risks involved.

By accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of the information contained in this offering memorandum, (2) this offering memorandum relates to an offering that is exempt from registration under the Securities Act, and (3) no person has been authorized to give you information or to make to you any representations concerning us, this offering or the Community Impact Notes described in this offering memorandum, other than as contained in this offering memorandum and information given by our duly authorized officers and employees in connection with your examination of us and the terms of the offering of the Community Impact Notes.

This offering memorandum may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed by us.

We make no representation to you that the Community Impact Notes are a legal investment for you. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Community Impact Notes.

You should contact us with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum.

We reserve the right to withdraw this offering of the Community Impact Notes at any time. We also reserve the right to reject any offer to purchase the Community Impact Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of Community Impact Notes sought by such investor.

This offering memorandum is strictly confidential and has been prepared by us solely for use in connection with the proposed offering of the Community Impact Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Community Impact Notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this offering memorandum is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and to not make any photocopies, in whole or in part, of this offering memorandum or any documents delivered in connection with this offering memorandum.

Neither the Securities and Exchange Commission nor any other regulatory body has passed upon the adequacy or accuracy of this offering memorandum. Any representation to the contrary is a criminal offense.

NO SEC REVIEW

This offering memorandum does not contain certain information that would be part of a registration statement filed under the Securities Act. In a registration statement, we would be required to include, among other things, more detailed information regarding our financial position and undertakings required by the regulations promulgated under the Securities Act.

STATEMENT REGARDING MARKET DATA

We use certain market data and industry forecasts and projections throughout this offering memorandum that have been obtained from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. We have not independently verified the data obtained from these sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and additional uncertainties regarding the other forward-looking statements in this offering memorandum. See “Cautionary Note Regarding Forward-Looking Statements” below.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum, but it does not contain all of the information that you may consider important in making your investment decision. Therefore, you should read this entire offering memorandum carefully, including, in particular, the "Risk Factors" section beginning on page 6 of this offering memorandum. As used in this offering memorandum, unless the context otherwise requires or as otherwise indicated, references to "the Company," "Housing Trust," "we," "us," and "our" refer to Housing Trust Silicon Valley.

Our Company

Housing Trust Silicon Valley, incorporated as a nonprofit public benefit corporation in 2000, is leading the effort to create a strong affordable housing market in the greater Bay Area, including making more loans than any other nonprofit housing lender in the region. From the homeless to renters to first-time homebuyers, we assist a wide range of residents with programs across the entire spectrum of housing issues. Our financial expertise and extensive private and public sector partnerships ensure we make the most out of every dollar so local residents can secure stable and affordable housing that works for them and their families. Housing Trust is tax-exempt under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The Company is certified as a Community Development Finance Institution, a CDFI, by the U.S. Department of Treasury CDFI Fund. We were the first nonprofit CDFI to be rated by Standard and Poor's and received an AA- rating in 2015 which was renewed annually including January 2019 at AA-.

We are nationally recognized for providing the resources and leadership needed to make housing more affordable for those in the 13 county greater San Francisco Bay Area including but not limited to the surrounding region that encompasses Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma Counties. Our target region includes four of the most expensive housing markets by metropolitan statistical areas in the country according to the National Low Income Housing Coalition's 2018 Out of Reach Report – San Francisco, San Jose, Santa Cruz, and Oakland.

Since beginning operations in 2001, Housing Trust has invested $257 million and our borrowers have leveraged Housing Trust's investment of $3.8 billion to create 19,000 affordable housing opportunities.

Housing Trust pursues three main program areas in order to help achieve its mission.

- Multifamily Lending: We provide loan capital to community-based, nonprofit and for-profit mission-aligned affordable housing developers, in order to increase and improve the availability of quality affordable housing in our region. As of June 30, 2019, we have created or preserved 9,690 affordable rental opportunities.

- Homebuyer Programs: We provide down payment assistance loans to first-time homebuyers, education and counseling to hopeful homebuyers and contract services to municipalities to administer and manage the assets of their homebuyer programs. To date we have assisted 2,535 first-time homebuyers.

- Homelessness Assistance and Other Safety Net Programs: We provide grants to individuals and nonprofit organizations to help people who are experiencing homelessness. To date, we have assisted 7,203 homeless individuals.

Audited Financial Information

	June 30, 2018	June 30, 2017	June 30, 2016
Total Assets	$120,047,627	$100,173,849	$72,137,211
Total Liabilities	$53,081,155	$41,437,914	$19,521,639
Net Assets	$66,966,472	$58,735,935	$52,615,572
Support and Revenue	$13,429,050	$ 11,276,128	$16,101,292
Expenses	$ 5,198,513	$ 5,155,765	$ 3,626,216
Change in Net Assets	$ 8,230,537	$ 6,120,363	$ 12,475,076
Change in Unrestricted Net Assets	$ 2,207,034	$ 782,707	$ 1,152,523
Change in Temporarily Restricted Net Assets	$6,023,503	$ 5,337,656	$11,322,553

Our Strategy

Housing Trust plays an important role in the overall affordable housing ecosystem of government entities, lawmakers, policy advocates, and housing developers, among others, engaged in the shared goal of making housing more affordable in the region it serves. The Company works within the challenging environment of the California housing crisis with the mission to make the greater Silicon Valley, San Francisco Bay and Monterey Bay Area region a more affordable place to live.

The need for affordable housing in our region is a major challenge. We believe the lack of affordable housing widens economic inequality and endangers economic stability. In 2015, the Bay Area generated 64,000 new jobs, but added fewer than 5,000 new homes (of all types). This is not a new trend. Between 2010 and 2016, Silicon Valley added 297,000 new jobs but issued fewer than 50,000 building permits for new units.[1] Moreover, the vast majority of such units were luxury rental homes and condominiums, exacerbating the need for affordable homes for purchase. As for the rental market, according to a recent California Housing Partnership Corporation report, Santa Clara County alone has a current deficit of nearly 68,000 affordable rental homes for lower income renters, and would need to add an additional 36,000 more homes over each of the next seven years in order to meet the projected housing needs for lower income renters. In addition, there are more than 9,706 homeless people in Santa Clara County on any given night.[2]

The U.S. Department of Housing and Urban Development defines cost-burdened families as those “who pay more than 30 percent of their income for housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.” Severe rent burden is defined as paying more than 50 percent of one’s income on rent. With the median rent of a two-bedroom apartment at $3,090, only households who make at least an hourly wage of $64 ($123,600 per year) can afford rent.[3] According to the California Department of Housing and Community Development, a majority of renters, over 3 million households, pay more than 30% of their income toward rent and nearly one-third, over 1.5 million households, spend more than 50% of their income on rent. In addition, California’s homeownership rates are at the lowest point since the 1940s.[4] In the Bay Area as a whole, a 2018 report by the California Association of Realtors shows that only 18% of first-time homebuyers can afford a median-priced home.[5] First-time homebuyers face $600,000 to $1,000,000 average purchase prices in our target market - putting homeownership and wealth building

[1] 2017 Silicon Valley Index
[2] 2019 Santa Clara County Homeless Census and Survey Executive Summary
[3] State of California Department of Housing and Community Development California’s Housing Future: Challenges and Opportunities (Public Draft, February 2018)

[4] State of California Department of Housing and Community Development California’s Housing Future: Challenges and Opportunities (Public Draft, January 2017)
[5] CAR – 4th Quarter Housing Affordability Report

out of reach for everyone from working families to well-paid tech workers. These dismal statistics reverberate in the broader region beyond Silicon Valley where there are slightly lower housing costs but similar affordability issues.

In response to this growing crisis, in November 2016, the voters of three counties in our region passed ballot initiatives, which will bring over $2 billion into the affordable housing ecosystem – Measure A in Santa Clara County, Measure A1 in Alameda County and Measure K in San Mateo County. In addition, two state-wide initiatives aimed and relieving the crisis passed in 2018 – Props 1 and 2 – which will make available more funds to finance affordable housing and services for those most in need. In the wake of these successful ballot initiatives in our target market, our strategy is to scale up our capability to serve as a catalyst for the creation of more affordable housing. In particular, funding provided by ballot measures, impact fees, and similar types of revenue streams will eventually serve as sources of permanent financing for affordable housing creation. However, this type of permanent financing is the end goal of a development process that will require initial funding from CDFIs like us. We intend to use innovative strategies to increase the amount of capital we can use to provide early stage financing to catalyze and incentivize new affordable housing development. By harnessing the collective resources of Silicon Valley (including tech companies, hospitals, foundations and retailers) and its desire to be part of effective problem-solving, Housing Trust will use proceeds of the Community Impact Notes as a catalyst to create the affordable housing we need in the region – including, for example, housing that is affordable to teachers, first responders, and minimum wage earners. Housing Trust intends to use the proceeds of the Community Impact Notes along with its other sources of capital to lend to affordable housing developers the start-up capital required to acquire and develop affordable multifamily housing in the form of short-term loans. The proceeds from the offering of the Community Impact Notes could constitute the start-up capital for 5,000 affordable homes over ten years. We believe that these 5,000 units will impact both the lives of those in the homes, have a positive impact on the environment and help to ease traffic congestion in our region. For example, we estimate that each Community Impact Note-assisted low-income tenant household will save an average of $18,000 on rent per year. Further, given that most affordable housing is sited near public transit, we believe that Community Impact Note-assisted units will generate greenhouse gas reductions of 121.5 metric tons per year and 56 million fewer vehicle miles traveled per year.[6] [7] [8]

Our Programs

Multifamily Lending

Housing Trust has made 127 loans to affordable housing projects, totaling over $202 million in funding and resulting in 9,690 affordable rental homes. For all multifamily products, borrowers are typically community-based, nonprofit and mission aligned for-profit affordable housing developers whose collective mission is to increase and preserve the affordable housing stock in the communities they serve, and by so doing, revitalize such communities. We lend in the greater Bay Area including but not limited to Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma Counties.

Details on each of Housing Trust's multifamily loan products are listed below. The bulk of our loans are in the "Short-Term" category and will be those funded by the proceeds of this offering of the Community Impact Notes.

Product	**Description**	**Term**	**Principal and Interest Payments**
Short Term	Early stage patient capital not offered by traditional lenders for predevelopment, acquisition, bridge or construction financing.	Up to 5 years (the average term of our existing portfolio is just over 2 years)	Interest only
Mezzanine (also referred to as medium term)	Mini-permanent financing for multifamily properties that are preparing for recapitalization or syndication to rehabilitation or redevelopment the property and secure long-term affordability.	5 – 10 years	Payments based on up to a 30-year amortization schedule or interest only for up to 10 years
Term	Permanent financing for stabilized multifamily properties.	5 – 20 years	Payments based on up to a 40-year schedule or interest only for up to 10 years

[6]Calculation based on rent restrictions of recent loans compared to Fair Market Rents, as set by the U.S. Department of Housing and Urban Development.
[7] Based on average greenhouse gas savings from Affordable Housing and Sustainable Communities application from our region and assuming that 80% of the units built will be near public transit.
[8] Based on findings of Transform and California Housing Partnership Corporation's 2014 study, "Why Creating and Preserving Affordable Homes Near Transit is a Highly Effective Climate Protection Strategy"

Housing Trust's loans to its housing developers are repaid in several ways. Loans are often structured with repayment coming from construction financing. If a project is abandoned before project completion or construction, we can be repaid from the proceeds of the sale of the land or building. Because we generally hold a first lien on the land or building, if there is an uncured default, we could foreclose and sell the underlying asset. Lastly, we can call on developer guarantees or their pledge of receivables or other assets, if available.

Homebuyer and Homeowner Lending

We offer homeownership products to reduce the burden of 20% down payment requirements and to bridge the gap between what low- to moderate-income buyers can afford to borrow and the equity required to do so. In the past we have offered homebuyer programs as deferred, amortizing and equity share loans, depending on income level and needs of the borrower. Our loans under these programs generally range from $6,500 to $125,000. We currently offer qualified homebuyers a 30-year, deferred interest, second mortgage to supplement a down payment. We currently offer products only to low-, moderate- and middle-income buyers. In total, we have made 2,535 down payment assistance loans totaling over $50 million since our founding.

Housing Trust is developing an accessory dwelling unit (ADU) bridge loan product that will be a second mortgage based on the ADU's rent. This will make ADU construction more feasible to a broader variety of homeowners who would otherwise be overburdened by the cost. We will offer 3-year loans of up to $250,000, deferred interest for the first year then amortizing on a 15-year schedule. This loan will help bridge the construction and initial 2-years of lease up, at which time the owner can refinance their first mortgage, including a portion of the tenant rent as income, and repay our loan. We plan to make 24-36 loans during the pilot phase of this program, beginning in 2019. If the program is successful the Community Impact Note could become a source of funding as well.

Homelessness Assistance and Other Safety Net Programs

Housing Trust has also helped over 7,203 people with our homelessness and safety net improvement grants, totaling over $5 million. This is a vital piece of our comprehensive mission, helping the lowest income households achieve financial independence. These programs reach those at the very lowest end of the income spectrum, with over 80% of funds reaching extremely low-income households (those earning 30% or less of the area median income). Our safety net programs grant funds for improvements to shelters, transitional housing facilities and other supporting facilities. Our Finally Home program grants security and utility deposits assistance to homeless or at-risk households, allowing families to move into permanent housing.

Corporate Information

Housing Trust's office is located at 75 E. Santa Clara Street, Suite 1350, San Jose, CA 95113.
Website: http://www.housingtrustsv.org/. Information contained on our website or linked therein or otherwise connected thereto does not constitute part of nor is it incorporated by reference into this offering memorandum.

THE OFFERING

The summary below describes the principal terms of the Community Impact Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should carefully review the "Description of Notes" section in this offering memorandum, which contains more detailed descriptions of the terms and conditions of the Community Impact Notes.

Issuer	Housing Trust Silicon Valley
Notes Offered	Community Impact Notes
Maturity Dates	October 31, 2021 (2 year note), October 31, 2024 (5 year note), and October 31, 2029 (10 year note)
Interest	1.25% per annum (2 year note), 1.5% per annum (5 year note) and 2.0% per annum (10 year note)
Ranking	Senior unsecured Debt that is senior or pari passu with existing Debt
Transfer Restrictions	The Community Impact Notes have not been registered under the Securities Act or any state securities laws and are subject to certain restrictions on transfer.
Use of Proceeds	Proceeds from the sale of the Community Impact Notes will be used to capitalize Housing Trust's short to medium term loan products the bulk of which are the revolving multifamily loan fund from which it makes short to medium term loans to developers of affordable housing.
Tax Considerations	For a discussion of certain U.S. federal income tax consequences of the Community Impact Notes, see "Certain Material Federal Income Tax Considerations."
Risk Factors	Investing in the Community Impact Notes involves substantial risks and uncertainties. See "Risk Factors" on page 6 of, and other information included in, this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any Community Impact Notes.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before making an investment in the Community Impact Notes. The risks described below are not the only ones facing the Company. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing the Company described below and elsewhere in this offering memorandum. Some statements in this offering memorandum, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Note Concerning Forward-Looking Statements."

Risks to Housing Trust's Finances and Operations

Credit Risks Relating to Our Borrowers

Our ability to repay the Community Impact Notes is dependent upon the economic success of our lending activities. If the loans made by Housing Trust with the Community Impact Note proceeds are not timely repaid we may be unable to repay the Community Impact Notes when due.

Housing Trust uses a variety of underwriting practices to make loans for which it expects to be timely repaid and which are generally secured by underlying real property. Nevertheless, Housing Trust cannot provide assurance that all borrowers will repay us on a timely basis, particularly in a difficult economic environment when borrower income may be adversely affected. If developer borrowers do not repay the loans made by Housing Trust with the Community Impact Note proceeds, there is a risk that we will have insufficient resources to repay all outstanding Community Impact Notes. Therefore, there can be no assurance that Housing Trust will be able to make payments to investors in the Community Impact Notes at all or when due.

Housing Trust's intent is to use the proceeds of the Community Impact Notes for mission-aligned purposes, and the loans it makes and the borrowers it identifies may have enhanced credit risk as a result.

Housing Trust is a nonprofit organization whose mission is to make housing more affordable in the greater Silicon Valley, San Francisco Bay and Monterey Bay Areas. It does this through lending capital to nonprofit and for-profit mission-aligned affordable housing developers working to create and rehabilitate affordable rental housing. Housing Trust is also a CDFI. The purpose of a CDFI is to make loans that banks do not offer and to work with borrowers that are underserved by traditional banks. While most of Housing Trust's developer borrowers are strong financial entities that can obtain credit from traditional banks, we may also lend to developer borrowers who cannot. Lending to such weaker financial borrowers poses a greater risk of loan losses than credit risks taken by traditional banks. Housing Trust in the past has typically mitigated this increased risk by using grant capital for loans and by requiring strong underlying real estate collateral. In addition, for its stronger borrowers, Housing Trust offers loan terms that banks are not offering. Typically, such loans have more flexible underwriting criteria than banks offer such as higher loan-to-value ratio or flexibility in collateral. Housing Trust attempts to mitigate increased risk from this type of lending by ensuring that collateral is strong or that permanent funding commitments exist from local jurisdictions. In addition, the risk premium Housing Trust exacts is generally lower than that of a bank. Housing Trust's use of the proceeds of the Community Impact Notes is atypical in that the proceeds are being used to support our charitable mission versus a for profit bank lending to multifamily housing developers. The risk of loss is increased, therefore, because factors other than financial risk and return on investment will also be primary factors in determining how the funds raised by the Community Impact Notes are reinvested. Such other factors include, but are not limited to, the extent to which prospective investments will provide effective support for low-income and moderate-income renters and homeowners and the extent to which loans will result in preservation of existing affordable housing.

Liquidity Risks

Housing Trust will invest the proceeds of the Community Impact Notes in loans to their borrowers to fund illiquid real estate investments. Housing Trust's borrowers may not have the cash flow to repay the loans when due or at all, which would impact Housing Trust's liquidity and our ability to repay the Community Impact Notes when due.

Housing Trust provides loans to developers of qualified multifamily affordable housing at several early stages in the development process. The loans include funds for the acquisition, development, construction and/or rehabilitation of affordable housing properties. The typical development process will result in permanent financing provided by a financial institution or other funder, with the borrower repaying Housing Trust at the time of obtaining permanent financing. Housing Trust attempts to manage the risk of loss by performing credit analysis, using limited maturity (the average loan term of our existing multifamily short-term portfolio is roughly 2 years), by securing collateral and through investment diversification. Nevertheless, loss recovery can be dependent on the cyclical nature of the real estate market and there can be no assurance that borrowers will repay Housing Trust, that Housing Trust will be able to collect on collateral, if any, in a timely manner or at all, or that losses, possibly substantial, will not occur.

If Housing Trust's matching of loan maturities with the Community Impact Note maturities are not aligned, Housing Trust may have uneven liquidity which may impact its ability to repay the Community Impact Notes when due.
Housing Trust will not be able to precisely match the maturities of its loans and investments with the maturities of the Community Impact Notes. Housing Trust intends to use the proceeds as a revolving fund for a range of loan purposes with loans terms of 2 to 5 years. The shorter term loans will be reinvested upon maturity, which could occur multiple times before the maturity of the Community Impact Notes. Some of the maturities, especially with the second or third reinvestment of the Community Impact Note proceeds, may not match the maturity dates of the Community Impact Notes, which would impact our liquidity and therefore Housing Trust may not have the cash resources available to repay the Community Impact Notes.

As a nonprofit entity, Housing Trust does not have equity investors and therefore cannot raise equity capital to use to repay the Community Impact Notes.
As a nonprofit entity, we do not have shareholders or any equity investors. Housing Trust's financial statements show that at June 30, 2018 we had "unrestricted net assets" of approximately $30 million (including $11 million of cash and marketable securities) which could be used to help repay a portion of the Community Impact Notes. However, Housing Trust may only issue debt securities or otherwise borrow funds, and cannot issue equity securities as a potential source of repayment of the Community Impact Notes. Housing Trust may be unable to raise additional capital for repayment of the Community Impact Notes because potential investors may be unwilling to make new or additional loans to Housing Trust and grants or contributions may decline due to grantors' or donors' reluctance to make grants or contributions to us.

Housing Trust may in the future incur other indebtedness that could adversely impact Housing Trust's ability to repay the Community Impact Notes when due or at all.
In addition to the Community Impact Notes offered hereby, Housing Trust may issue additional promissory notes or incur other debt obligations in the future that may be secured by collateral, senior to, or pari passu with, the Community Impact Notes. The Community Impact Notes do not limit the total indebtedness or the type of indebtedness that we may incur. While Housing Trust's net assets represent approximately 150% of our outstanding notes payable at June 30, 2018, the Company expects to increase its leverage over the term of the Community Impact Notes.

With the issuance of the Community Impact Notes, the ratio of net assets to notes payable is projected to drop to approximately 80% of our outstanding notes payable over time which though not representing high leverage in the CDFI industry is a change. Accordingly, Housing Trust's ability to pay amounts due under the Community Impact Notes may be impaired by its obligations under future indebtedness.

Interest Rate Risks

Housing Trust's operating revenues and ability to increase its unrestricted net assets may be affected by fluctuations in interest rates.
Interest rates are at historically low levels. Low market interest rates have reduced the yields earned by financial institutions, including Housing Trust, on interest-earning assets such as loans and investment securities. In addition, many financial institutions have experienced a narrowing or "compression" of their net interest margin, which is the net interest income as a percentage of average interest-earning assets. While a number of factors impact the net interest margin, a further reduction in market rates of interest could narrow our net interest margin, which in turn may reduce Housing Trust's ability to increase unrestricted net assets and may cause unrestricted net assets to decline. In a rising interest rate environment if Housing Trust is unable to access lower cost capital and its cost of funds rises faster than the market's ability to accept higher lending rates, its net interest margin could compress, leading to a decline in unrestricted net assets.

General Economic Conditions

Housing Trust's asset quality and ability to repay the Community Impact Notes depends in part on local economic conditions, which in turn are affected by national and international economic conditions.
Housing Trust's success depends in part on the condition of the real estate market in its target geographic market. Unlike larger financial institutions that are more geographically diversified, Housing Trust's loan portfolio and service provider contracts are with customers primarily in Silicon Valley's Santa Clara County. Housing Trust's geographic market is the 13 counties of the greater Silicon Valley, San Francisco Bay and Monterey Bay Area but to-date the bulk of its loans are located in what is geographically considered Silicon Valley. Local economic conditions could have a significant impact on Housing Trust's real estate and construction loans, borrowers' ability to repay these loans, and the value of the collateral securing these loans. A significant decline in general economic conditions, regionally, nationally or internationally, caused by factors beyond Housing Trust's control, could adversely affect local economic conditions that could negatively affect the financial results of Housing Trust's operations and its ability to repay the Community Impact Notes.

Operational Risks

Approximately 42% of Housing Trust's loans receivable outstanding are held by two large affordable housing developers. As of **June 30, 2018**, Housing Trust held $75 million of loans receivable, $63 million (or 84%) of which were made to affordable housing developers. Two large affordable housing developers, Palo Alto Housing Corporation and First Community Housing, are the developer borrowers in 6 loans each, totaling 42% of loans receivable outstanding. The concentration drops to 38% of Housing Trust's total lending portfolio when the exposure calculation is reduced by loans funded with non-recourse capital. One source of such non-recourse capital to Housing Trust is pools of capital from banks who lend to us without recourse or with minimal recourse. If a loan approved and funded by one of our lending pools were to default, Housing Trust is responsible only for its portion of the loan and the loan pool would absorb any ultimate loss. The remainder of the $63 million in multifamily loans are spread among 23 affordable housing developers and service providers. Such concentration of risk could potentially result in a large loss, which could have a material adverse effect on Housing Trust's operations and Housing Trust's ability to repay the Community Impact Notes.

Housing Trust's allowance for loan loss reserve may not be sufficient to cover potential losses. We maintain a loan loss reserve for its combined loan portfolios. The reserve is determined by, among other things, loan portfolio risk analysis, current economic conditions, loss history, and Generally Accepted Accounting Principles, or GAAP. Since loss history in the multifamily portfolio is quite low, the reserve for the multifamily loan portfolio at June 30, 2018 was calculated at approximately 2.8% of outstanding loans, or roughly $1,800,000. The overall allowance for loan loss reserve was approximately 3.2% at the same period and 3.2% as of December 31, 2018. Management of the Company performs a quarterly analysis of all of its loan portfolios and the adequacy of the reserve. Housing Trust's independent auditor reviews the loan loss adequacy annually for consistency with GAAP. However, there can be no guarantee that the loss reserve will be sufficient to anticipate all potential losses.

General Factors

In addition to proceeds from the repayment of loans from its borrowers, Housing Trust depends on contributions and other uncertain sources of funds. Housing Trust is dependent upon contributions for a portion of its revenue for both lending and to cover operations. For the twelve month period ending June 30, 2018 Housing Trust covered 92% of its operating expense from earned revenues and relied on grants and contributions to cover the remainder. Grants and contributions are neither guaranteed nor necessarily renewable income sources. Grant funding represents a limited amount of capital for a set amount of time with no guarantee to renew the capital upon the grant termination date. Some grants require repayment of proceeds in the event that performance requirements are not met. Significant grants used for lending capital are subject to potentially lengthy and stringent application and review processes. Therefore, grant funding can be difficult to obtain, particularly in a time of economic hardship. In addition, future grants from government sources are subject to political changes at the federal, state, county, and city level, including recent changes in the United States administration. Since Housing Trust is a CDFI, some of its funding sources are dependent on existing laws around Community Reinvestment Act credits for banks and the funding of the U.S. Treasury Department. Since Housing Trust will be dependent on income sources, including interest, grants and contributions, all of which are inherently uncertain, sufficient funds may not be available to continue operations. If sufficient funds are not obtained, the risk of nonpayment of the interest and principal due under the Community Impact Notes may increase.

Housing Trust depends upon the efforts of its executives and staff, and if key personnel were to leave the company, Housing Trust and its ability to repay the Community Impact Notes could be adversely affected. Housing Trust's operations are dependent upon the efforts of management personnel who are expected to continue to devote their time to Housing Trust's activities. If any of these executives becomes unable to continue in Housing Trust's activities, or if Housing Trust is unable to attract and retain other skilled management personnel, its business, results of operations, and ability to repay the Community Impact Notes could be adversely affected. Further, Housing Trust does not maintain key man insurance on any of its employees. There can be no assurance of continuity in Housing Trust's key personnel or its impact on the ability of Housing Trust to meet its obligations under the Community Impact Notes.

Housing Trust's internal control systems could fail to detect certain events. Housing Trust is subject to certain operational risks, including but not limited to data processing system failures, theft, fraud, errors and customer or employee fraud. If an event occurs that is not prevented or detected by Housing Trust's internal controls, uninsured or in excess of applicable insurance limits, it could have a significant adverse impact on Housing Trust's business, financial condition or results of operations.

Risks Relating to the Terms of the Community Impact Notes

Payment of the Community Impact Notes is not government-insured or guaranteed.

The Community Impact Notes are not covered by FDIC insurance, nor otherwise backed or guaranteed by any federal, state, or local government or government agency. Thus, Community Impact Note holders have no government guarantee, express or implied, to recover losses on their Community Impact Notes if Housing Trust is unable to repay the principal or the interest of the Community Impact Notes.

The Community Impact Notes are unsecured obligations of Housing Trust and there are no dedicated assets or sources of income to pay the Community Impact Notes.
The Community Impact Notes are not secured by any specific collateral or any source of income, and are the general obligation of Housing Trust. The Community Impact Notes will be repaid from the cash flows, unrestricted net assets and reserves of Housing Trust then available, which may be insufficient to pay the Community Impact Notes at maturity. Holders of the Community Impact Notes will be subordinate to secured creditors, if any, of Housing Trust, and will not have any priority for payment over any other unsecured creditors of Housing Trust.

Housing Trust has made very limited covenants in the Community Impact Notes, and there are no covenants or restrictions on Housing Trust's financial condition or business operations.
The only covenants in the Community Impact Notes are Housing Trust's promise to pay principal and interest on the Community Impact Notes when due. The Community Impact Notes do not include any "affirmative" covenants relating to Housing Trust's financial condition, such as a minimum net income, debt to equity ratio, income to debt ratio or other financial covenants that typically appear in bonds or debentures issued by other financial institutions, companies or nonprofit entities. In addition, the Community Impact Notes do not include any "negative" covenants that restrict Housing Trust's business operations or capital structure, such as restrictions or prohibitions on the amount or type of loans that Housing Trust may extend, or the amount or type of debt (leverage) that Housing Trust may incur (including, for example, restrictions on debt that is senior to the Community Impact Notes or secured debt), or any other types of negative covenants that typically appear in bonds or debentures issued by other financial institutions, companies or nonprofit entities.

The Community Impact Notes will be restricted as to transfer, and no liquid market for the Community Impact Notes is likely to develop.
The Community Impact Notes may not be transferred under applicable federal and state securities laws, or without the written consent of Housing Trust. There is no public or secondary market for the Community Impact Notes and no market is likely to develop. Accordingly, the Community Impact Notes are highly illiquid and investors must depend upon payments of principal and interest to realize any benefit from the Community Impact Notes.

Housing Trust has no obligation to prepay all or any portion of the principal or interest of a Community Impact Note prior to its maturity.
Housing Trust is not obligated to prepay all or any portion of the principal or interest of the Community Impact Notes prior to its maturity.

This is a best efforts offering. There is no escrow and Housing Trust will use any and all investors' funds in its business immediately.
The sale of the Community Impact Notes is a best efforts offering and there is no minimum sales requirement. As a result, investors' funds from purchases of the Community Impact Notes will not be deposited into an escrow. Instead, such funds will be made immediately available for use by Housing Trust as lending capital in its business and operations. A low sales volume of Community Impact Notes will not prompt cancellation of the offering or cause Housing Trust to refund Community Impact Note purchases to existing investors.

Housing Trust may, in its sole discretion, prepay the Community Impact Notes in whole or in part prior to their respective maturities.
Housing Trust, in its sole discretion, may from time to time or at any time, prepay in whole or in part the Community Impact Notes upon thirty business days' prior notice at a prepayment price equal to 100% of the principal amount to be prepaid plus any interest accrued and unpaid on such principal amount prior to the prepayment date. Under no circumstances will Housing Trust be obligated to prepay any Community Impact Note prior to the maturity of such Community Impact Note.

Community Impact Noteholders may be unable to reinvest the proceeds of redeemed Community Impact Notes.
If Housing Trust prepays any portion of the Community Impact Notes, it may be due to the decline of market rates of interest since the Community Impact Notes were issued. As a result, Community Impact Notes then offered by Housing Trust or otherwise available in the marketplace may bear rates of interest lower than the Community Impact Notes prepaid by Housing Trust.

Because no trust indenture has been or will be established to provide for the repayment of the Community Impact Notes and no trustee has been or will be appointed, these Community Impact Notes may be riskier than notes for which a trust indenture is established.

Debt, such as the obligations represented by the Community Impact Notes, is often issued pursuant to a trust indenture, such as the type required for many debt offerings under the Trust Indenture Act of 1939. Trust indentures provide covenants and procedures to protect debt holders and appoint a trustee to act for the benefit of all debt holders and protect their interests. The Notes issued by Housing Trust pursuant to this offering memorandum are not governed by any indenture and there is no trustee. The Community Impact Notes are being issued pursuant to an exemption from the Trust Indenture Act, and the provisions of such Act designed to protect debt owners are not applicable to the Community Impact Notes. Other than Housing Trust's covenant to pay principal and interest, it is making no other covenants, representations or warranties to Community Impact Note holders.

The holders of the Community Impact Notes are not entitled under any documents relating to the Community Impact Notes to exercise collective remedies with respect to any defaults under the Community Impact Notes.
The Community Impact Notes will not be issued under a trust indenture or similar instrument and there will be no trustee or similar entity entitled to take action on behalf of all holders of the Community Impact Notes. Accordingly, in the event of a default under the Community Impact Notes, each holder will have to seek available remedies on an individual basis which is likely to be expensive and may not be economically practicable (unless the investor is successful in asserting a "class action" law suit). A holder of a note on which Housing Trust has defaulted on payment may be unable to force Housing Trust into bankruptcy or insolvency proceedings (or may be unwilling to incur the costs related to those proceedings), and there may not be sufficient assets to pay the principal and interest on the Community Impact Notes even if Housing Trust is forced into a bankruptcy or insolvency proceedings.

Since the proceeds from the Community Impact Notes are intended to help facilitate Housing Trust's charitable purposes, the interest rate on the Community Impact Notes is set at a low rate relative to the potential risk of loss.
The interest rates offered on the Community Impact Notes will be between 1.25% and 2.0%, based on note maturity. Interest rates offered for the Community Impact Notes may not be as high as those offered by other financial institutions for similar securities.

No sinking fund has been or will be established by Housing Trust to provide for repayment of the Community Impact Notes. As a result, the Community Impact Notes may be riskier than notes for which a sinking fund is established.
No sinking fund or other specific allocation of assets or cash flow has been created or will be created to secure repayment of the principal of the Community Impact Notes or to secure payment of accrued interest. As a result, Housing Trust's ability to repay the principal and interest on the Community Impact Notes will depend on Housing Trust's operations and the availability of other capital, from payments on its outstanding loans, sale of its investments, earnings or grants and contributions. The Community Impact Notes may be riskier than notes for which a sinking fund is established.

Legal and Regulatory Risks

Any change in Housing Trust's operations, nonprofit status or tax-exempt status could negatively impact its ability to meet its obligations under the Community Impact Notes.
Housing Trust has received determination letters from U.S. and California state governmental authorities stating that, based on the facts presented, Housing Trust is exempt from federal and state taxation because it serves a charitable purpose. These determinations rest upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If Housing Trust fails to comply with any of these conditions or assumptions, Housing Trust could lose its tax-exempt status and be subjected to federal and/or state taxation. If Housing Trust became subject to federal or state taxation, Housing Trust could cease operations and it would likely negatively impact Housing Trust's financial viability and cash flow and could result in Housing Trust's inability to repay the Community Impact Notes.

Any change in Housing Trust's status as a Community Development Financial Institution could negatively impact its ability to meet its obligations under the Community Impact Notes.
Housing Trust has been certified as a CDFI by the U.S. Department of Treasury, Community Development Financial Institutions Fund. This determination rests upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If Housing Trust fails to comply with any of these conditions or assumptions, Housing Trust could lose its CDFI certification status, which may cause a default in covenants agreed to in many of Housing Trust's grant and loan agreements. If Housing Trust is unable to cure these defaults within a reasonable period of time, proceeds of such agreements could become immediately due and payable, which would likely negatively impact Housing Trust's financial viability and cash flow and result in Housing Trust's inability to repay the Community Impact Notes.

Changes in the regulations governing Housing Trust's lending activities could adversely affect Housing Trust's ability to operate and to make payments under the Community Impact Notes.
Housing Trust is not subject to regulation as a bank, but some of Housing Trust's operations are subject to regulation by federal, state and local governmental authorities. For example, Housing Trust is subject to specific regulations related to its consumer lending activities such as truth in lending and certain disclosure requirements applicable to all consumer lenders. Although Housing Trust believes that its business is in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules and regulations will not be adopted in the future which could make

compliance much more difficult or expensive, restrict Housing Trust's ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans Housing Trust originates, or otherwise adversely affect Housing Trust's operations or prospects.

Interest paid or payable on the Community Impact Notes will generally be taxable to U.S. Investors, and such Investors could be deemed receive additional taxable interest as a result of the "below-market" interest rate.
All interest paid or payable will be taxable income to U.S. holders of Community Impact Note. In addition, such investors may be deemed to receive additional taxable interest if the Community Impact Notes constitute "below-market loans," as such term is defined in Section 7872 of the Code and the Treasury Regulations thereunder. We expect that the interest rates on the Notes will be below-market rate for purposes of these rules and therefore expect that, subject to certain exceptions, such investors will be deemed to receive additional taxable interest above such interest rates. The purchase of the Community Impact Notes should in no way be understood as a charitable donation. Potential investors are strongly encouraged to consult a tax professional regarding the tax treatment of the Community Impact Notes.

Housing Trust is issuing the Community Impact Notes pursuant to an exemption from registration under federal securities law, but if the offering fails to comply strictly with the terms and conditions of the exemption, all Community Impact Note holders would be entitled to rescind their investment. If that occurred, it may cause Housing Trust to default on its obligations and be unable to return the purchase price to investors.
This offering of the Community Impact Notes is being made in reliance upon exemptions from registration of securities provided by Rule 506 of Regulation D ("Rule 506"), adopted by the Securities & Exchange Commission ("SEC"), and Section 18 of the Securities Act of 1933, as amended (the "Securities Act"), which preempts state registration requirements. This offering is also exempt from registration under Section 3(a)(4) of the Securities Act, Section 3(c)(10) of the Investment Company Act of 1940, as amended ("the "Investment Company Act"), and the exemptions from registration of the securities of nonprofit charitable organizations provided by the laws of certain states (but not all states) in which the Community Impact Notes are offered. Reliance on these exemptions does not, however, constitute a representation or guarantee that such exemptions are indeed available. We may seek to qualify, register or otherwise obtain authorization for the offering in certain other states where it believes such qualification, registration or guarantee is required. If for any reason this offering is deemed not to qualify for the exemptions from registration, the sale of the Community Impact Notes will have been made in violation of the applicable laws requiring registration. As a remedy for such a violation all investors purchasing in the offering will have the right to rescind their purchase and to have their purchase price returned. If any significant number of Community Impact Note holders request return of their investment, Housing Trust may be unable to repay such amounts, and Housing Trust may be forced into bankruptcy or liquidation. Any refunds made will also reduce funds available for Housing Trust's operations. A significant number of requests for rescission could leave Housing Trust without funds sufficient to respond to such requests or to successfully proceed with the Company's activities.

Changes in federal and state securities laws relating to securities offered and sold by nonprofit charitable organizations could adversely affect Housing Trust's ability to sell the Community Impact Notes and/or Housing Trust's ability to meet its obligations under the Community Impact Notes.
Pursuant to current federal and state exemptions relating to certain securities offerings, the Community Impact Notes will not be registered with the SEC and may not be registered with any state securities regulatory body. Federal and state securities law are subject to change and frequently do change. Future changes in federal or state laws, rules or regulations regarding the sale of securities may make it costlier and more difficult for Housing Trust to offer and sell the Community Impact Notes. Such an occurrence could result in a decrease in the amount of Community Impact Notes sold by Housing Trust, which could affect our operations and ability to meet its obligations under the Community Impact Notes.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Various statements contained in this offering memorandum, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "intend," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this offering memorandum speak only as of the date of this offering memorandum, and we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The following factors, among others, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements:

- economic changes, either nationally or in the regions in which we operate, which could affect the ability of borrowers to repay Housing Trust on a timely basis or the ability of Housing Trust to secure additional funding for its projects;
- changes in assumptions used to make industry forecasts;
- our future operating results and financial condition;
- our business operations;
- changes in our business and investment strategy;
- availability, terms and deployment of capital;
- fluctuations in interest rates;
- continued availability of technology used to manage operational risks;
- changes in, or the failure or inability to comply with, governmental laws and regulations;
- the timing of receipt of regulatory approvals and the opening of projects;
- our leverage and debt service obligations;
- availability of qualified personnel and our ability to retain our key personnel; and
- additional factors discussed under the sections captioned "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Company"

USE OF PROCEEDS

Proceeds from the sale of the Community Impact Notes will be used to capitalize Housing Trust's short to medium term loan products the bulk of which are the revolving multifamily loan fund from which it makes short to medium term loans to developers of affordable housing. The multifamily loan fund provides loan capital to community-based, nonprofit and for-profit mission-aligned affordable housing developers that help to increase and improve the stock of quality affordable housing in our region. The proceeds will generally be directed to Housing Trust's core markets, regions where we have conducted most of our historical lending (Santa Clara, San Mateo, Alameda and San Francisco counties), but the proceeds could also be used anywhere in Housing Trust's current or future regional footprint. The multifamily loan fund will make short-term loans to be repaid during the term of the Community Impact Notes. Repaid loans will revolve back into the multifamily fund, and will be loaned out again as short-term loans. This cycle will continue until the maturity of the Community Impact Notes. With full subscription of this offering and estimating the fund would revolve three times, we intend to lend funds to affordable housing developers who could potentially create 5,000 affordable homes in the coming ten years.

The multifamily loan fund provides patient start-up capital, which will predominantly include pre-development and acquisition financing, but could also include construction, mini-permanent or equity bridges. Our financing allows developers to be nimble when competing with market rate developers to secure properties and move through entitlements. Our loans are typically the first dollars in a given transaction, and often the most difficult dollars to attract, especially in today's economic credit environment.

A small portion of the proceeds may be used to capitalize our Accessory Dwelling Unit pilot program, the lending portion of which is scheduled to launch in 2019. We anticipate that this work will be concentrated in Santa Clara, San Mateo, Alameda, and San Francisco counties.

Multifamily Lending

Housing Trust provides the earliest stage financing in the affordable housing development cycle. Often, our loans are made prior to the identification of takeout sources of financing and are loans that conventional financing providers are unwilling to undertake due to the high level of risk. Given the nature of Housing Trust's borrowers and their limited capacity to amortize a loan over time, repayment of the loans is dependent on the ready availability of a variety of public sources of financing and programs aimed at the creation of affordable housing, as well as functioning commercial credit markets.

Management establishes interest rates and rates vary depending on the type of loan, risk level, source of capital and term. Loan origination fees are charged to cover the cost of underwriting, perfecting a security interest in collateral, and related closing expenses.

Housing Trust's Borrowers

Housing Trust's borrowers are typically community-based, nonprofit and mission aligned for-profit affordable housing developers whose collective mission is to increase and preserve the affordable housing stock in the communities they serve and by so doing, revitalize such communities. Because these developers are community-based, they have limited access to traditional capital, and if offered, it is often on terms that are typically not attractive or structured in a manner that supports developer goals.

Credit Analysis

Credit analysis is conducted by our multifamily lending team. Our lending team members have an average of 19 years of lending or underwriting experience. Investment criteria for Housing Trust include but are not limited to: market conditions and the strength of the affordable housing financing system (public and private) in the subject loan's location, sponsor/guarantor strength and experience, the underlying financial strength of the borrower and their prior experience in developing projects similar to what Housing Trust's financing will be used to support, the proposed takeout and/or loan repayment strategy, collateral adequacy, and support of Housing Trust's mission. Housing Trust evaluates each request in accordance with Housing Trust's Lending Policies and Procedures. Housing Trust's Policies and Procedures are approved by the Program and Policy Committee of the Board of Directors and subject to modification at any time, in our sole discretion.

A key consideration for Housing Trust's lending is mission alignment. Following mission alignment, Housing Trust evaluates each organization's operational, management and development track record, as well as overall financial health. In particular, Housing Trust analyzes the trends for key benchmarks and ratios for cash position, liquidity, leverage, income and accounts receivable diversification and asset quality. Further, organizations are evaluated based on their pipeline of current transactions, contingent liabilities, and cash flow projections. In today's market, significant emphasis is placed on diversity of cash flow and potential of achieving receivable income whether from grants, developer fees, and/or government contracts. Lastly, Housing Trust leverages its deep understanding of local market conditions to assess the current affordable housing financing system to determine how well coordinated the intended development is relative to local government plans and financing priorities.

Sample Project List

The following is a sample list of current or recent projects financed by Housing Trust. They are included here to give potential investors in the Community Impact Notes an idea of the organizations Housing Trust might lend to with the proceeds generated by the sale of the Community Impact Notes. This list is provided solely for informational purposes only and should not be understood as a guarantee that Housing Trust will continue to lend to these specific organizations.

FUJI TOWERS, SAN JOSE (SANTA CLARA COUNTY)
Housing Trust provided a pre-development loan in the amount of $500,000 to Fuji Towers, a 140-apartment senior housing development in the Japantown neighborhood of San Jose. Originally built to house low-income Japanese-American residents, Fuji Towers opened 40 years ago and was originally financed by the U.S. Department of Housing and Urban Development, or HUD. The resident population has diversified over the years, but remains a vibrant and close-knit community. Major aspects of the building had fallen into disrepair, including hot water shut-offs and elevators out of commission.

The owner, a single-asset nonprofit, is working with HUD to restructure and syndicate, but they could not afford the upfront costs of the necessary due diligence reports, tests, and financing paperwork. Housing Trust's loan allowed the owners to proceed with the necessary due diligence to ultimately invest in much needed significant capital improvements and preserve affordability into the future.

STEVENS CREEK SENIOR HOUSING, CUPERTINO (SANTA CLARA COUNTY)
Housing Trust provided a $3 million acquisition loan for Senior Homes on Stevens Creek to Charities Housing, a nonprofit affordable housing developer. Charities Housing used the loan to acquire land in Cupertino to build 19 units for low-income seniors. Cupertino, home of Apple, has not had a new affordable rental development in over 10 years. Rents at Senior Homes on Stevens Creek will be between $550 and $945 per month, a fraction of market rates. Directly across the street is the new Main Street Cupertino, a development that includes shopping, restaurants, a hotel, and apartments.

Charities Housing needed a loan with below market interest rates to make this small-scale project in this very high cost market. Housing Trust was able to achieve low cost financing for Charities Housing by blending grant funds received from the City of Cupertino (thanks to Housing Trust's long standing relationship with its local municipalities) with our other sources of capital.

LA AVENIDA, MOUNTAIN VIEW (SANTA CLARA COUNTY
Housing Trust make $9.7 million acquisition loan to Eden Housing for a project on 1100 La Avenida Avenue in Mountain View, with the goal of creating a 100% affordable housing development consisting of 93 apartments - all of which are intended for residents who make 60% or below area median income. Near the Steven's Creek Trail - a popular route for pedestrian and bicycle commuters - 1100 La Avenida is on the corner of Armand Avenue in the Shoreline Business Park area of Mountain View, close to some of the largest employers in the region.

Housing Trust's loan, which was funded by funds raised under the original Community Impact Note offering, provided Eden Housing the flexible, competitively-priced loan need and was able to provide the loan on a timeline that fit the demands of Mountain View's hyper-competitive real estate market.

EMBARK APARTMENTS, OAKLAND (ALAMEDA COUNTY) Housing Trust provided a $1,062,500 acquisition loan to Resources for Community Development, or RCD, a nonprofit affordable housing developer. The site is located at the edge of Oakland, at the convergence of the Uptown, West Oakland and Broadway Valdez neighborhoods where RCD will build a 61-apartment complex for seniors, most likely veterans. The site is ideally located for seniors and veterans, within a half-mile of a Bay Area Rapid Transit, or BART, station and even closer to multiple bus lines. The site is also located within two blocks of veterans' outpatient and behavioral health clinics.

RCD's plan was hampered by the availability of land acquisition financing, and RCD needed quick approval to secure the site in a fast-paced and competitive market. Housing Trust provided CDFI offering financing and a nimble underwriting, approval and closing process. RCD secured the property and pulled together their permanent financing sources and ultimately repaid us with proceeds from their construction loan.

CAPITALIZATION

Housing Trust's multifamily lending is primarily funded via loans from financial institutions and from foundations and corporations. Its original funding was contributed as unrestricted capital by large technology corporations in Silicon Valley beginning in 2000. The multifamily loan portfolio is also funded through partnerships with and grants from various cities, the Santa Clara County, the state of California and the federal government, whose funding comes with specific limitations on the income of the ultimate renter or purchaser. The operations of Housing Trust are primarily funded from interest income and fees on loans of both multifamily and single-family portfolios, fees earned through service contracts, and, to a lesser extent, contributions from banks and corporations.

Grants and Contributions

A portion of Housing Trust's annual budget is supplemented in the form of grants and contributions by philanthropic institutions and banks. During the fiscal years ending June 30, 2018 and June 30, 2017, such grants and contributions totaled $6.5 million and $6.4 million, respectively.

Capitalization Table

The following table discloses the capitalization of Housing Trust as of June 30, 2018, as well as a pro forma capitalization to reflect the offering of the Community Impact Notes. For audited figures, please see "Consolidated Financial Statements."

	Unaudited December 31, 2018	**Audited June 30, 2018**	**Pro Forma***
Housing Trust Community Impact Notes	$ 52,000,000	$ 30,500,000	$ 77,000,000
Existing Notes Payable largely from banks	$ 13,900,000	$ 13,900,000	$ 13,900,000
Existing Non-Recourse Capital from Third Parties	$ 14,271,000	$ 4,312,000	$14,271,000
Net Assets	$ 69,729,000	$ 66,966,000	$ 69,729,000
Total Capitalization	$ 149,900,000	$ 115,678,000	$ 174,900,000

*These figures are the projections of Housing Trust alone. No independent examiner has passed on the reasonableness of these projections.

Investing Activities

Housing Trust may invest a portion of its cash reserves in investment instruments according to its investment policy, and these investments are classified as current assets on the balance sheet. The following table lists all of Housing Trust's investments by type. As of June 30, 2018, Housing Trust had $45.3 million in cash and cash equivalents and investments in marketable securities.

Investments as of June 30, 2018	**Amount**	**Percentage of Total**
Cash and Cash Equivalents and Investments	$ 45,321,000	38%
Loans to Homebuyers, net	$ 10,839,000	9%
Loans to Affordable Housing Developers, net	$ 61,830,000	52%
Total	$ 117,990,000	100%

Investments as of December 31, 2018	Amount	Percentage of Total
Cash and Cash Equivalents & Investments	$ 51,970,000	35%
Loans to Homebuyers, net	$ 10,355,000	7%
Loans to Affordable Housing Developers, net	$ 86,829,000	58%
Total	$ 149,154,000	100%

The following is a breakdown of cash and investments available for operations:

Cash & Cash Equivalents, and Investments Available for Operations as of June 30, 2018	Amount
Cash and Cash Equivalents & Investments restricted for programs	$ 30,914,000
Cash and Cash Equivalents with Time Usage Restrictions	366,000
Restricted Investments	2,492,000
Cash Designated for Loan Loss Reserve	250,000
Total Cash and Cash Equivalents and Investments not Available for Operations	$ 34,022,000
Cash and Cash Equivalents and Investments Available for Operations	$ 11,299,000

Cash & Cash Equivalents, and Investments Available for Operations as of December 31, 2018	Amount
Cash and Cash Equivalents & Investments restricted for programs	$ 36,036,000
Cash and Cash Equivalents with Time Usage Restrictions	256,000
Restricted Investments	2,639,000
Cash Designated for Loan Loss Reserve	910,000
Total Cash and Cash Equivalents and Investments not Available for Operations	$ 39,841,000
Cash and Cash Equivalents and Investments Available for Operations	$ 12,130,000

SELECTED FINANCIAL DATA

The following sets forth our selected financial and operating data. You should read the following summary of selected financial data in conjunction with our consolidated financial statements and the related notes thereto, and with "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this offering memorandum.

	Six months ended		**% change**	**Year ended**		**% change**
	December 31	**December 31**		**June 30**	**June 30**	
	2018	**2017**		**2018**	**2017**	
Balance Sheet Highlights						
Cash, cash equivalents and investments	51,971,000	32,814,000	58%	45,322,000	33,054,000	37%
Net Loans Receivable	97,184,000	80,008,000	21%	72,670,000	65,693,000	18%
Total Assets	152,193,000	115,769,000	52%	120,048,000	100,174,000	20%
Total Notes Payable	65,877,000	37,173,000	77%	44,375,000	22,675,000	96%
Total Liabilities	82,464,000	48,956,000	68%	53,081,000	41,437,000	28%
Net Assets	69,729,000	66,813,000	4%	66,966,000	58,736,000	14%
Income Statement Highlights						
Support and Revenue	6,333,000	10,446,000	-36%	13,429,000	11,276,000	19%
Expenses	3,570,000	2,370,000	51%	5,199,000	5,156,000	1%
Change in Net Assets	2,763,000	8,075,000	-66%	8,231,000	6,120,000	34%
Change in Unrestricted Net Assets	17,000	1,453,000	-98%	2,207,000	783,000	182%
Change in Restricted Net Assets	2,746,000	6,622,000	-59%	6,024,000	5,338,000	13%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following in conjunction with the sections of this offering memorandum entitled "Risk Factors," "Cautionary Note Concerning Forward-Looking Statements," "Selected Financial Data" and "Our Business" and our financial statements and related notes thereto included elsewhere in this offering memorandum. This discussion contains forward-looking statements reflecting current expectations that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" and elsewhere in this offering memorandum.

Year-to-Date Financial Highlights

Summary of Change in Net Assets

Housing Trust's change in net assets for fiscal years ending June, 2018 and June, 2017 was $8.2 million and $6.1 million, respectively. The increase in income year over year was largely due to an increase in contribution and support revenue and interest income, while expenses grew by only 1%. The company's change in net assets for the first half of fiscal years 2019 and 2018 was $2.8 million and $8.1 million, respectively. The significant decrease year over year in income for the comparable period resulted from a decrease in county grants recognized in the six-month period versus the prior six-month period while expenses grew 50%.

The $2 million increase in support and revenue in fiscal year 2018 over fiscal year 2017 year was due to a doubling of interest income from lending as well as grants from new sources to support ongoing lending as well as a new program. The decrease in support and revenue in the six-month period ending December 31, 2018 over the six-month period ending December 31, 2017 was due largely to the timing of recognition of one grant from Santa Clara County which was recognized as the funds were loaned. In the first half of fiscal 2019 we loaned only $2.5 million of that grant whereas in the similar period of fiscal 2018 we loaned $6.1 million. The large grant from Santa Clara County has been fully disbursed and all revenue recognized by December 2018.

Total expenses for the fiscal year ending June 30, 2018 remained relatively flat from the prior year, however general operating expense grew 29% while grant expense decreased 16% in the year due to headcount growth in 2018 of 25% (4 people). Total expenses in the six-month period ending December 31, 2018 grew nearly $1.2 million or 51% versus the same period in the prior year, due largely to a 37% increase in salaries and benefits as well as a 100% increase loan loss reserves associated with significant growth in lending.

Summary of Change in Balance Sheet and Cash Flows

Net loans receivable grew from $65.7 million as of June 30, 2017 to $72.7 million as of June 30, 2018 due largely to $35 million of multifamily lending less repayments from all programs loans receivable of roughly $22 million. In the 6 month period ending December 2018 net loans receivable grew further to $97.2 million largely as a result of $31.7 million of new lending in the multifamily program net of repayments of loans receivable in all programs of $7 million.

Notes payable grew to $22.7 million from $44.4 million and non-recourse investor capital decreased to $4.3 million from $8.8 million in the year ending June 30, 2018 the overall growth in capital was used to fund increasing loans receivable. The decrease in non-recourse investor capital resulted from repayments of loans funded by the investor pool and capital returned to the pool. The capital is available to use again.

The $12 million increase in cash and investments to $45.3 million at June 30, 2018 from $33.1 million at June 30, 2017 resulted largely from $21.5 million of new lending capital raised less net lending in all programs of $11 million as well as receipt of $1.3 million lending capital grant for the ADU program which had yet to be disbursed. Unrestricted cash, or cash available to cover loan losses, increased from $9.4 million at June 30, 2017 to $11 million at June 30, 2018 largely due to increased revenues from lending activity as well as private grants available for general operations.

Credit Summary

While loan performance is an identified risk factor, we have had just one loss in our multifamily lending program since inception in the amount of $100,000 which represents less than 0.2% of total dollars loaned. The provision for loan loss was $2,380,000 and $1,680,000 for the year ended June 30, 2018 and for the year ended June 30, 2017, respectively. Net losses charged-off as a percent of average portfolio loans were less than 0.1% each year. During both periods, nonperforming portfolio assets were less than 0.1% of portfolio loans outstanding.

MANAGEMENT

Board of Directors

Housing Trust is governed by a 17-member volunteer Board of Directors, or Board, representing the communities and people it serves. Directors serve staged 3-year terms with a maximum of 3 terms and membership is elected by the then seated directors. The Board meets semi-monthly. It delegates authority to a 5-member executive committee that meets as necessary to conduct corporate business between meetings. It delegates loan approval (up to the annual budgeted amount) to various loan committees (whose membership includes both board members and community experts) who meet monthly or semi-monthly to review potential loan transactions in depth. Board membership includes community leaders with skills and experience in banking, philanthropy, public policy, community development, affordable housing development, homelessness, and operations.

George Brown, Chair	Retired Partner Gibson, Dunn & Crutcher LLP
Mary Chandler, First Vice Chair	Operational Risk Consultant Wells Fargo
Craig Robinson, Second Vice Chair	Head of Corporate Social Responsibility Silicon Valley Bank
Art Fatum, Treasurer	Retired Chief Financial Officer MidPen Housing
Shiloh Ballard, Secretary	Executive Director Silicon Valley Bicycle Coalition
Candice Gonzalez	Chief Housing Officer Sand Hill Property Company
Nathan Ho	Senior Policy Advisor, Housing & Homelessness City of San José, Office of Mayor Sam Liccardo
Sparky Harlan	Chief Executive Officer Bill Wilson Center
Rachel Colton	Real Estate Project Executive Google
Lorena Mendez-Quezada	Vice President, Investment Manager Wells Fargo
Hilda Ramirez	Chief Executive Officer, Keller Williams Silicon City
Joseph L. Anzalone	Executive Vice President & Chief Commercial Banking Officer Tech CU
Jim Morgensen	Vice President, Workplace LinkedIn
Sharon Lee	Product and Privacy Counsel Houzz
Thang Do	President Aedis Architects
Katia Kamangar	Executive Vice President / Managing Director SummerHill Housing Group
Lisa Gutierrez	Senior Vice President, Director of Debt Originations, West US Bancorp Community Development Corporation

Management

Housing Trust's executive management team is comprised of five seasoned professionals with an average tenure of over 5 years with the organization and each with the skills set to effectively execute their responsibilities.

Kevin Zwick, Chief Executive Officer, joined Housing Trust as CEO in 2008. He has over 19 years of experience in nonprofit management, community lending and affordable housing development. Kevin is responsible for designing the Strategic Plan, leading, overseeing and managing all staff and programs to implement strategic goals. He works with all staff and the Board to ensure that our programs and operations are legally compliant and are meeting market demand.

Kevin has led the organization through a time of transformation and growth. Kevin's focus has been to move Housing Trust from dependence on grants for capital to a more sustainable model with primary reliance on diverse sources of debt and earned revenue. Under Kevin's leadership, Housing Trust has increased its staff from 4 to 21, and grown total assets from $29 million to over $160 million. Further, during this time, Housing Trust was the lead member of the San Jose Consortium securing $25 million in NSP2 funds from the U.S. Department of Housing and Urban Development, utilizing 100% of the funds to create and preserve affordable housing in San Jose.

Julie Mahowald, Chief Financial Officer, joined Housing Trust in January 2016. Julie has over 30 years of corporate finance, accounting, and treasury management experience with public technology companies and smaller private and start-up companies. Julie's expertise includes strategic planning and operations management. In this role, she oversees the budget, financial projections, accounting, cash investments and manages reporting, compliance and risk management as well as information technology, strategy and human resources. Julie brings extensive experience with corporate debt and capital structuring, having raised hundreds of millions of dollars in private and public debt and equity for technology firms, to Housing Trust resource development activities including this offering. Julie also serves as past co-chair of the Los Altos Community Foundation where she serves on the investment committee and is past Treasurer.

Craig Mizushima, Chief Compliance and Risk Officer (CCRO), joined the company in April 2018. In this role, he leads Housing Trust's Enterprise Risk Management and oversees the Asset Management department. Craig shepherded the development of the ADU program in its first year. Craig has over 30 years of community and economic development, affordable housing and commercial real estate experience. For the last four years, Craig served nonprofits as both a consultant and as Senior Vice President for IFF, a large Midwest CDFI where he oversaw loan volume growth to over $100 million annually and the deployment of over $130 million in New Markets Tax Credits awards supporting community development. Craig had previously spent over 20 years in banking management roles at U.S. Bank, BMO/Harris Bank, and the Northern Trust, and has also led development programs for the City of Chicago and the Chicago Housing Authority.

Julie Quinn, Chief Development Officer, joined Housing Trust in 2010 as the Homeownership Program Manager and became a Senior Loan Officer in the multifamily lending team in 2013. In each of these roles, Julie helped to raise lending capital from grant and debt sources. In July 2016, she moved into her current position, merging her capital raise role with management of operational grant raising, events and communications for the organization. To date, she has managed solicitations for debt and grant capital totaling over $100 million. Julie has over 18 years of experience in fund development, community lending, affordable housing development and program and portfolio administration.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Certain employees or board members of nonprofit organizations to whom Housing Trust makes loans may from time-to-time serve on the Housing Trust board of directors. In addition certain employees of financial institutions that participate in Housing Trust loan pools or directly lend to Housing Trust may from time-to-time serve on the Housing Trust board of directors.

As of June 30, 2018 Housing Trust was party to the following related party transactions.

1. Eight loans to MidPen Housing, an organization with which board Treasurer, Art Fatum, was the Chief Financial Officer, totaling $4.8 million.
2. Two loans to Bill Wilson Center, an organization with which board member, Sparky Harlan, is the Chief Executive Officer, totaling $535,000.
3. Two notes payable to Wells Fargo Bank, an organization with which board Vice-Chair Mary Chandler and board member Lorena Mendez-Quesada are affiliated, in the amounts of $2 million and $1.25 million.
4. Two notes payable to LinkedIn, an organization with which board member Jim Morgensen is affiliated, together totaling $15 million.
5. One note payable to Silicon Valley Bank, an organization with which board member Craig Robinson is affiliated in the amount of $2 million.

Housing Trust is governed by a Conflict of Interest policy to which it adheres when a transaction with a related party is approved. The above related party transactions have been reviewed by an internal committee and vetted according to our Conflict of Interest policy. The above related party transactions and future related party transactions will be made and have been entered into on terms that are no less favorable to Housing Trust than those that can be obtained from/with unaffiliated third parties.

DESCRIPTION OF NOTE TERMS

The Company will issue the Notes (as defined below) in connection with the Note Purchase Agreement among the Company and each Purchaser party thereto (the "*Note Purchase Agreement*"). The terms of the Notes include those stated in the Note Purchase Agreement. You should refer to the Notes and the Note Purchase Agreement for a complete statement of the terms applicable to the Notes. Copies of the Note Purchase Agreement are available upon request from the Company.

The following is a summary of material provisions of the Note Purchase Agreement. The following summary of the terms of the Notes and the Note Purchase Agreement is not complete and is subject to, and is qualified by reference to, the Notes and the Note Purchase Agreement, including the definitions therein of certain capitalized terms used but not defined in this Description of Notes. We urge you to read the entire Note Purchase Agreement, because that document, and not this description, defines your rights as holders of the Notes. For the definitions of certain capitalized terms, see "Certain Definitions" below.

Overview of the Notes

The Notes will be:

- senior unsecured obligations of the Company;
- equal in right of payment with all of the Company's existing and future senior unsecured Indebtedness;
- senior in right of payment to all of the Company's future Indebtedness that is subordinated in right of payment to the Notes; and
- effectively subordinated to all secured indebtedness of the Company and its Subsidiaries to the extent of the value of the assets securing such indebtedness.

The Note Purchase Agreement and the Notes include no covenants restricting the incurrence of any future indebtedness. The Notes will not be guaranteed by any guarantors.

Principal, Maturity and Interest

The Company will issue 1.25% senior notes due October 31, 2021 (the *"Series 1 Notes"*), 1.5% senior notes due October 31, 2024 (the "*Series 2 Notes*") and 2.0% senior notes due October 31, 2029 (the "*Series 3 Notes*"), and together with the Series 1 and 2 Notes, the "*Notes*") in an aggregate principal amount of up to $25,000,000 without regard to series. The Company will issue Notes in minimum denominations of $10,000.

Each Series x Note we issue will bear interest at a rate of 1.25% per annum and each Series x Note we issue will bear interest at a rate of 1.5% per annum and each Series x Note we issue will bear interest at a rate of 2.0% per annum, in each case from the date of the issuance of such Note, or from the most recent date on which interest has been paid or provided for. We will pay interest semi-annually to the Purchasers on April 30 and October 31 of each year.

Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

Paying Agent and Registrar

We will pay the principal of and interest on the Notes at our principal office or any principal office of a bank or trust company designated by us. We reserve the right to pay interest to Purchasers by check mailed directly to Purchasers at addresses provided by the Purchasers to us.

Optional Prepayment

We may not prepay the Notes except pursuant to this paragraph and the immediately following paragraph. At any time the Company may prepay on one or more occasions all or part of the Notes upon not less than 30 nor more than 60 days' prior notice at a prepayment price equal to the sum of (i) 100% of the principal amount thereof, *plus* (ii) accrued and unpaid interest to the date of prepayment.

In addition, at any time, the Company may at its option deliver a notice and offer to prepay on one or more occasions all or part of the Notes upon not less than 30 nor more than 60 days' prior notice at a prepayment price less than 100% of the principal amount thereof. Each such offer may be conditional upon certain waivers of rights of Purchasers, and Purchasers who wish to accept such offer must deliver a written acceptance to the Company not less than 10 days prior to the date fixed for such prepayment.

Selection

If we prepay less than all of any series of Notes, the principal amount of the Notes of each series to be prepaid shall be allocated among all of the Notes of such series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. A new note in principal amount equal to the unredeemed portion of the Note will be issued in the name of the applicable Purchaser upon cancellation of the original Note.

Merger and Consolidation

The Company shall not consolidate with or merge with any other corporation or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person unless:

(1) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent public benefit corporation (or other nonprofit or public benefit organization) organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if the Company is not the survivor, the successor shall have executed and delivered to each holder of any Notes of any series its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) the Company or the successor entity shall operate as a community development financial institution.

No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this "*Merger and Consolidation*" section from its liability under the Note Purchase Agreement or the Notes.

Defaults

Each of the following is an Event of Default:

(1) a default in any payment of interest on any note when due and payable continued for 5 business days;

(2) a default in the payment of principal of any note when due and payable at its maturity or at a date fixed for prepayment or by declaration and continued for 2 business days;

(3) the failure by the Company to perform or comply with any term contained in the Note Purchase Agreement for 30 days after the earlier of (i) obtaining actual knowledge of such default and (ii) receiving written notice from any holder of a Note;

(4) specified events of bankruptcy, insolvency or reorganization of the Company (the "*bankruptcy provisions*");

(5) the entering of any order for the payment of money or reorganization against the Company or any such petition is filed against the Company and such Petition is not dismissed within 60 days (the "*judgment default provision*"); or

(6) the Company (i) dissolves, reorganizes, liquidates, terminates its existence, operations or business, or sells substantially all of its assets (except as permitted by the *Merger and Consolidation* section above), (ii) merges with or acquires any other entity (except as permitted by the *Merger and Consolidation* section above), (iii) ceases to operate as a community development financial institution or (iv) changes its primary mission.

The foregoing Events of Default will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If an Event of Default described in clauses (1) or (2) above has occurred and is continuing, any holder of a Note at the time outstanding affected by such Event of Default may at any time, at its option, by notice to the Company, declare the principal of and accrued but unpaid interest of the Note held by it to be immediately due and payable. If any other Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company) occurs and is continuing, any holder or holders of not less than 51% in principal amount of the outstanding Notes of any series by notice to the Company may declare the principal of and accrued but unpaid interest on all the Notes in such series to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to specified events of bankruptcy, insolvency or reorganization of the Company occurs, the principal of and interest on all the Notes will become immediately due and payable without any declaration or other act on the part of any holders. Under certain circumstances, the holders of a majority in principal amount of the outstanding Notes of any series of Notes may rescind any such acceleration with respect to such Notes and its consequences.

Amendments and Waivers

Subject to certain exceptions, the Note Purchase Agreement or the Notes of any series may be amended and any past default or compliance with any provisions may be waived as to such series with the written consent of the holders of a majority in principal amount of the Notes then outstanding of such series.

The Note Purchase Agreement provides that without the consent of each Purchaser of an outstanding Note adversely affected thereby, no amendment may:

(1) subject to the provisions of certain sections of the Note Purchase Agreement relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest on the Notes;

(2) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver; or

(3) amend certain sections of the Note Purchase Agreement relating to payment and prepayment of the Notes), principal payment default, interest payment default, remedies on Default) or amendment and waiver.

No amendment or waiver of any of the provisions of certain sections of the Note Purchase Agreement relating to the sale and purchase of notes, form of notes, closing, conditions to closing, representations and warranties and representations of the purchaser, or any defined term used therein, will be effective as to any Purchaser unless consented to by such Purchaser in writing.

The consent of the existing Purchasers will not be necessary in connection with the execution of a counterpart of the Note Purchase Agreement by any additional Purchaser.

Satisfaction and Discharge

The Note Purchase Agreement will be discharged and will cease to be of further effect as to all Notes issued thereunder when:

(1) all outstanding Notes (other than Notes replaced or paid) have been canceled or delivered to the Company for cancellation; or

(2) all outstanding Notes have become due and payable, whether at maturity or as a result of prepayment; and, in either case

(3) the Company pays all other sums payable under the Note Purchase Agreement by it.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, stockholder, member, manager or partner of the Company will have any liability for any obligations of the Company under the Notes, the Note Purchase Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Purchaser of Notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Governing Law

The Note Purchase and the Notes will be governed by, and construed in accordance with, the laws of the State of California.

CERTAIN MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Community Impact Notes. This summary deals only with Community Impact Notes held as capital assets (within the meaning of Section 1221 of the Code) by persons who purchase the Community Impact Notes for cash upon original issuance at their "issue price" (the first price at which a substantial amount of the Community Impact Notes is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "U.S. holder" means a beneficial owner of the Community Impact Notes that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If any entity classified as a partnership for U.S. federal income tax purposes holds Community Impact Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the Community Impact Notes, you should consult your own tax advisors.

This summary does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are a person subject to special tax treatment under the U.S. federal income tax laws, including, without limitation:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Community Impact Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity (or an investor in such an entity);
- a U.S. holder whose "functional currency" is not the U.S. dollar;
- a "controlled foreign corporation";
- a "passive foreign investment company";
- a U.S. expatriate; or

- a holder that is not a U.S. holder.

This summary is based on the Code, U.S. Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, or interpreted differently by the IRS or the courts so as to result in U.S. federal income tax consequences different from those summarized below. We have not and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Community Impact Notes that are different from those discussed below.

This summary does not represent a detailed description of the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the effects of any U.S. federal tax consequences other than income taxes and does not address state, local or non-U.S. tax laws, gift tax laws, or estate tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Community Impact Notes.

If you are considering the purchase of Community Impact Notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Community Impact Notes, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.

U.S. Holders

Stated Interest. It is expected that the Community Impact Notes will be issued without original issue discount for federal income tax purposes. In such case, stated interest on the Community Impact Notes generally will be includible in a U.S. holder's gross income as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes.

Imputed Interest. In general, because it is expected that the interest rate on the Notes will be payable at a rate less than the applicable Federal rate in effect on the date of the issuance of the Notes, it is expected that holders will be deemed to receive additional taxable interest pursuant to the imputed interest rules under the Code. Currently, these rules generally will not apply to a holder if the principal amount of Notes that the holder owns does not exceed $250,000. Holders are strongly urged to consult their tax advisors concerning the application of the imputed interest rules under the Code to the Notes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Community Impact Notes. Upon the sale, exchange, retirement, redemption or other taxable disposition of a Community Impact Note, a U.S. holder generally will recognize gain or loss equal to the difference between the amount of cash and the fair market value of any property received upon such disposition (less any amount attributable to accrued and unpaid stated interest, which will be taxable as interest income as discussed above) and the adjusted tax basis of the Community Impact Note. Any such gain or loss will be capital gain or loss. Capital gains of non-corporate holders derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Medicare Tax. United States persons that are individuals, estates or trusts (other than certain exempt trusts) will generally be subject to a 3.8% tax (the "Medicare tax") on the lesser of (1) the United States person's "net investment income" for the taxable year and (2) the excess of the United States person's modified adjusted gross income for the taxable year over a certain threshold. A U.S. holder's net investment income will generally include any income or gain recognized by such holder with respect to the Community Impact Notes, unless such income or gain is derived in the ordinary course of the conduct of such holder's trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. holder that is an individual, estate or trust should consult a tax advisor regarding the applicability of the Medicare tax to income and gains in respect of an investment in the Community Impact Notes.

Information Reporting and Backup Withholding. When required, we will report to the holders of the Community Impact Notes and the IRS amounts paid on or with respect to the Community Impact Notes and the amount of any tax withheld from such payments. Certain U.S. holders may be subject to backup withholding (currently imposed at a rate of 28%) on payments made on or with respect to the Community Impact Notes and on payment of the proceeds from the disposition of a Community Impact Note. In general, such withholding will apply to a U.S. holder only if the holder fails to satisfy certain certification requirements. Backup withholding is not an additional tax and may be refunded or credited against the U.S. holder's U.S. federal income tax liability, provided that certain required information is timely furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Community Impact Notes by (i) employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "similar laws"), and (iii) entities whose underlying assets are considered to include "plan assets" (as defined in ERISA) of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan which is subject to Part 4 of Title I of ERISA or Section 4975 of the Code (which we refer to as an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Community Impact Notes by the assets of any Plan, a fiduciary should consult with its counsel to determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws.

Governmental plans, church plans and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to similar laws. Fiduciaries of any such plans should consult with their counsel before making an investment in the Community Impact Notes to determine the need for, and the, availability, if necessary, of any exceptive relief under any such laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The fiduciary of an ERISA Plan that proposes to purchase and hold the Community Impact Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between an ERISA Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the issuer, the agents or any of their respective affiliates.

The U.S. Department of Labor has issued some prohibited transaction class exemptions (which we refer to as "PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the sale, purchase or holding of the Community Impact Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the notes nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. It should be noted, however, that there can be no assurance that all of the conditions of any such exemptions will be satisfied with respect to any such purchase of the Community Impact Notes hereunder by an ERISA Plan.

Because of the foregoing, the Community Impact Notes should not be purchased or held by any ERISA Plan nor any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable similar laws.

Representation

Accordingly, by acceptance of an Offered Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Community Impact Notes constitutes assets of any Plan or (ii) the acquisition and holding of the Community Impact Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable similar laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Community Impact Notes (and holding the Community Impact Notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Community Impact Notes.

Purchasers of the Community Impact Notes have the exclusive responsibility for ensuring that their purchase and holding of the Community Impact Notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable similar laws.

NOTICE TO PURCHASERS

The Community Impact Notes have not been and will not be registered under the Securities Act and may not be offered or sold except pursuant to an effective registration statement or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Community Impact Notes are being offered hereby only in the United States to accredited investors, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 506 promulgated under the Securities Act.

Each purchaser of Community Impact Notes will be deemed to represent, warrant, and agree as follows (terms used in this paragraph that are defined in Rule 506 are used herein as defined therein):

(1) It (i) is an accredited investor as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act and is aware that the sale to it is being made in reliance on Rule 506 and (ii) is acquiring the Community Impact Notes for its own account or for the account of an accredited investor.

(2) It understands that the Community Impact Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Community Impact Notes have not been and will not be registered under the Securities Act.

(5) It (a) is able to act on its own behalf in the transactions contemplated by this offering memorandum, (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Community Impact Notes, and (c) (or the account for which it is acting) has the ability to bear the economic risks of its prospective investment in the Community Impact Notes and can afford the complete loss of such investment.

(6) It acknowledges that (a) none of the Company or any person acting on behalf of any of the Company has made any statement, representation, or warranty, express or implied, to it with respect to the Company, or the offer or sale of any Community Impact Notes, other than the information we have included or incorporated by reference in this offering memorandum, and (b) any information it desires concerning the Company, the Community Impact Notes or any other matter relevant to its decision to acquire the Community Impact Notes (including a copy of the offering memorandum) is or has been made available to it.

(7) It acknowledges that we and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Community Impact Notes are no longer accurate, it shall promptly notify us. If it is acquiring the Community Impact Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

HOUSING TRUST
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

$25,000,000

HOUSING TRUST SILICON VALLEY

Notes due October 31, 2021, October 31, 2024 or October 31, 2029, as applicable

OFFERING MEMORANDUM

August 8, 2019