$120,000,000

HOUSING TRUST SILICON VALLEY

Unsecured Promissory Notes

MEMORANDUM

February 15, 2025

A letter to Prospective Investors:

We are pleased to present you with this Memorandum, outlining an opportunity to partner with Housing Trust in our mission to solve the affordable housing crisis in the greater Bay Area. We use transformative housing finance and public and private partnerships to create more equitable and affordable communities. We do this one development, one home, one homebuyer at a time, and we multiply the impact.

For 25 years, our efforts have helped us to cumulatively invest $645 million to create and preserve 27,500 affordable homes, helping over 51,000 people become housed across the region.

In the greater Bay Area, a region with a desperate need for affordable homes, a nearly unfathomable wealth gap, and a critical need to create racial equity and justice in housing, we create partnerships that grow beyond their original scope and purpose. Our TECH Fund campaign – an investment vehicle to enable philanthropic organizations and large employers to be part of the affordable housing solution – has helped finance thousands of homes and inspires even more investment, like that of our Apple and Google affordable housing funds. Recently, we have built upon our TECH Fund to launch our Building Impact Initiative, a campaign to meet the moment addressing the most pressing needs of developers today with the flexibility to adapt to the needs of tomorrow, offering a variety of simple ways for investors to achieve impact. This capital raise is a vital part of these efforts to expand our reach and accelerate the pace of development projects. The funds raised will be utilized to support the financing of our developer's pipeline of housing projects, which includes both new construction and rehabilitation of existing properties. These developments are designed to promote long-term affordability, sustainability, and community engagement, resulting in residents with access to stable housing and the resources they need.

We are committed to transparency, accountability, and impactful community development. As an investor, you will play a critical role in advancing our mission and supporting our efforts in providing low cost, patient capital to affordable housing developers. Your involvement will help us continue to expand our impact and provide opportunities for low- to moderate-income residents to access quality, affordable housing in the greater Bay Area.

We invite you to review the following materials in detail, which outline our capital raise needs and strategy. Should you have any questions or wish to discuss this opportunity further, we are happy to arrange a meeting at your convenience.

Thank you for considering this impactful investment in the future of affordable housing. We look forward to the opportunity to work together in creating more equitable and affordable communities.

MEMORANDUM — CONFIDENTIAL

$120,000,000

HOUSING TRUST SILICON VALLEY

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 this entire confidential offering memorandum (this "Memorandum") prior to investing purchasing Community Impact Notes.

ISSUER

Housing Trust Silicon Valley, a California nonprofit public benefit corporation, uses transformative housing finance and public and private partnerships to create more equitable and affordable communities. As a certified CDFI (Community Development Financial Institution), we lead in delivering innovative financial solutions and creating a strong affordable housing market.

NOTES OFFERED

Community Impact Notes, unsecured and un-guaranteed promissory notes sold in increments of $10,000 with the following interest rates and terms:

Series	**Time to Maturity** (from date of issuance)	Interest Rate
14	2 years	1.5%
15	3 years	1.5%
16	5 years	1.5%
17	10 years	3.0%

Investors purchasing at least $15 million in Series 17 Community Impact Notes may be eligible for a higher interest rate. See **"Description of the Note Terms."**

Investors purchasing over $5 million in Community Impact Notes may be permitted to enter into a capital call structure for their investment.

USE OF PROCEEDS

General corporate purposes, which we intend primarily to be as capital deployed for loans to affordable housing developers and, to a lesser extent, to individuals to support initial home ownership. Our loans mostly support developments in the 14 countries of the greater Bay Area.

ELIGIBLE INVESTORS

Accredited Investors only.

RANKING

Senior unsecured debt that is pari passu with existing and future unsecured senior 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.

RISK FACTORS

Community Impact Notes are speculative investments that may be negatively impacted by a potentially unlimited number of factors. Investors should be prepared to suffer a complete loss of their investment. See the section of this Memorandum titled **"Risk Factors"** for a discussion of some of the factors you should carefully consider before deciding to purchase any Community Impact Notes.

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."**

MORE INFORMATION

For more information about purchasing Community Impact Notes, please review this Memorandum carefully and then contact:

Julie Mahowald | *juliem@housingtrustsv.org*

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

We have not authorized anyone to provide any information other than that contained in this 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 Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, properties, results of operations or financial condition may have changed since that date. Neither the delivery of this 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 Memorandum.

NO SEC REVIEW

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

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. This 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.

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IMPORTANT LEGAL NOTICES

We are making this offering in reliance on an exemption from registration under the Securities Act of 1933, as amended, (the "Securities Act") and state securities laws, for offers and sales of securities that do not involve a public offering. Community Impact Notes are being offered only to "accredited investors", as defined in rule 501 of Regulation D promulgated under the Securities Act. If any recipient of a copy of this Memorandum is not qualified as such, such recipient should promptly return this Memorandum to us.

Each investor in this offering must also represent that they can bear the economic risk of losing their entire investment herein, and has alone, or together with their wealth management (or similar) advisor, such knowledge and experience in financial matters that they are capable of evaluating the relative risk and merits of this investment. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time. In addition, you should understand that if the investment in the Community Impact Notes is made by (i) an employee benefit plans subject to Title I of ERISA, (ii) a plan that is subject to Section 4975 of the Code (including an IRA and Keogh plan), or (iii) an entity whose underlying assets are deemed to include "plan assets" by reason of one or more retirement plan investors' investments in that entity, then you should understand that you will be required to bear the risk as to whether the investment is a non-exempt prohibited transaction under the Code or ERISA and whether such investment complies with all fiduciary duties and other obligations under ERISA.

Laws in certain jurisdictions may restrict the distribution of this Memorandum and the offer and sale of the Community Impact Notes. Persons into whose possession this 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 only offering to sell the Community Impact Notes in those jurisdictions where such offer and sale are both permitted.

This 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 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 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 Memorandum, (2) this 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 Memorandum, other than as contained in this 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 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 or otherwise appropriate investment for you. You should not consider any information in this Memorandum to be legal, business, ERISA, or tax advice. You should consult your own attorney, business, financial and tax advisors for 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 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 any prospective investor less than the full amount of Community Impact Notes sought by such investor.

This Memorandum has been prepared by us solely for use in connection with the proposed offering of the Community Impact Notes described in this Memorandum. This 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 Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this Memorandum is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this Memorandum, you agree to the foregoing and to not make any photocopies, in whole or in part, of this Memorandum or any documents delivered in connection with this Memorandum.

STATEMENT REGARDING MARKET DATA

We use certain market data and industry forecasts and projections throughout this 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 Memorandum. See **"Cautionary Note Regarding Forward-Looking Statements"** below.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Various statements contained in this 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 Memorandum speak only as of the date of this 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"**

OUR COMPANY

As used in this 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.

Housing Trust Silicon Valley, incorporated as a nonprofit public benefit corporation in 2000, uses transformative housing finance and public and private partnerships to create more equitable and affordable communities in California, with a focus on the greater Bay Area. We are a leading nonprofit housing lender in the region. From those experiencing homelessness to renters with disabilities to first-time homebuyers, we assist a wide range of residents with programs across the entire spectrum of housing needs. Our financial expertise and extensive private and public sector partnerships ensure we maximize impact from each investment so local residents can secure stable and affordable housing. 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 December 2024. In addition, we received a renewal of our AA+ rating by Aeris in March of 2024.

We are nationally recognized for providing the resources and leadership needed to make housing more affordable for those in the 14 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, Sacramento, and Sonoma Counties. Our target region has historically included four of the most expensive housing markets by metropolitan statistical areas in the country according to the National Low Income Housing Coalition's 2024 Out of Reach Report – San Francisco, San Jose, Santa Cruz, and Monterey Counties. While we intend to maintain our focus in that region, we also consider providing resources and leadership to larger portions of California broadly to continue to be responsive to the growing need for more affordable housing throughout the California region.

To date, Housing Trust has invested $645 million, and our borrowers have leveraged our investment in the amount of $8.1 billion. These efforts have created more than 27,500 affordable housing opportunities and enabled over 51,000 individuals to realize an improved housing environment. When our neighbors have safe and stable affordable housing, they have more money to spend on food, healthcare, and education and greater opportunities to thrive. Housing Trust pursues two main program areas 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, 2024, we have created or preserved 17,600 affordable rental opportunities.

- ***Homebuyer Programs:*** We provide down payment assistance loans to first-time homebuyers, education and counseling to aspiring homebuyers. To date we have assisted 2,585 first-time homebuyers to access the housing market, empowering families and communities to realize greater potential through home ownership.

$645 MILLION
invested in affordable housing

51,000
people helped

27,500
housing opportunities created

$8.1 BILLION
leveraged by our partners

To support these main program areas, Housing Trust has raised $118 million as of December 31, 2024 through the TECH (Technology, Equity, Community, Housing) Fund to finance 7,031 homes across 69 new developments. TECH Fund was created by Housing Trust in 2017 to give some of the largest employers in our community along with philanthropic organizations a way to directly provide a positive impact on affordable housing availability. The TECH Fund provided developers with flexible financing largely to compete for land acquisition and pre-development loans. Many of the loans made through TECH Fund have already been paid back and the funds have been lent out again thus maximizing the value of the investments and their impact.

In the face of evolving affordable housing finance needs, we are building on the impact and momentum of the TECH Fund to launch our Building Impact Initiative, a campaign to meet the moment addressing the most pressing needs of developers today (largely loans for construction and preservation) with the flexibility to adapt to the needs of tomorrow, offering a variety of simple ways for investors to achieve impact. Developers need financing that continues to accelerate timelines, combat increased costs and counterbalance higher interest rates. At this very early stage, we have secured $25 million for the Building Impact Initiative, with a goal to raise $200 million (including off-balance sheet funding) to build and preserve 6,300 affordable homes across the greater Bay Area. Investment in the Community Impact Notes will go towards the Building Impact Initiative.

In addition to this important partnership with investors in TECH Fund and the newly launched Building Impact Initiative, we have also developed key partnerships by creating other funds including Apple Affordable Housing Fund, Google Launch Initiative, Supportive Housing Fund, Sonoma County Housing Fund and Monterey Bay Housing Trust. Each of these funds serves to both broaden our reach across our geographies and to leverage public and philanthropic funds to make loans.

FINANCIAL INFORMATION

	Prelim December 31, 2024	Audit June 30, 2024	Audit June 30, 2023
Total Assets	$307,503,017	$276,529,893	$244,644,739
Total Liabilities	$127,020,754	$135,997,410	$118,779,685
Net Assets	$180,482,263	$140,532,483	$125,865,054
Support and Revenue*	$44,224,789	$21,596,084	$23,373,020
Expenses	$4,961,024	$8,062,636	$6,954,524
Change in Net Assets	$39,949,775	$13,533,448	$16,418,496
Change in Unrestricted Net Assets	$33,298,278	$26,731,495	$22,106,366
Change in Temporarily Restricted Net Assets	$6,646,015	($13,198,047)	($5,687,870)

* Housing Trust gets revenue from both grants and earned income.

OUR STRATEGY

The need for affordable housing in our region and state is acute and increasing. The lack of affordable housing widens economic inequality and endangers economic stability. This has been proven out with the global pandemic we experienced which highlighted the connectedness of affordable housing to healthcare outcomes. As of January 2024, the Continuums of Care to the U.S. Department of Housing and Urban Development (HUD) reports that California had an estimated 187,084 experiencing homelessness on any given day[1]. By providing housing for the formerly homeless and persons at high risk of homelessness, there will be a related reduction of burden on the healthcare system and the economy. The latest published counts in Silicon Valley, showed our local reality is 10,394 individuals are experiencing homelessness, approximately 450 of these

1 HUD Exchange (2024) https://files.hudexchange.info/reports/published/CoC_PopSub_State_CA_2024.pdf

being Veterans and 5,216 suffering from substance abuse or severe mental illness.[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 in San Jose at $3,132 per month, households need to earn a $123,900 per year salary to afford this 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 Silicon Valley, according to Joint Venture Silicon Valley, nearly 41% of renters are considered rent burdened. If renters over age 65 are considered as a group, 58% are rent burdened. In addition, California's homeownership rates are at the lowest point since the 1940s. Homeownership for people of color in California is 36%, versus 64% for the white population. Furthermore, an estimated 80% of people with intellectual disabilities are living with family in adulthood, with limited housing options.[4]

In the San Francisco Bay Area as a whole, a report by the California Association of Realtors for the third quarter of 2024 shows that the median priced home is $1,275,000 requiring a minimum qualifying annual income of $320,000.[5]

These dismal statistics reverberate in the broader region beyond Silicon Valley where, although housing costs are lower, residents face similar if not worse affordability challenges as housing costs far outpace wages. In Silicon Valley, the annual income needed to support a 2BR rental is $123,900 or $10,325 per month, yet at the 30% of AMI affordability level the a renter could afford only $1,360, reflecting the disparity between wages and income and the cost to rent.[6]

The affordable housing market relies on public subsidies. The TECH Fund and these Community Impact Notes were first developed in anticipation of new subsidies arriving from ballot initiatives in Bay Area counties in 2016 aimed to relieve the growing housing challenge. These measures brought over $2 billion into the affordable housing ecosystem – Measure A in Santa Clara County was the largest of them. In the wake of these successful ballot initiatives in our target market, our strategy was to scale up our capability to serve as a catalyst for the creation of more affordable housing. Since 2016, Housing Trust has invested in Measure A supported projects over $230 million, much of it with proceeds from prior Community Impact Notes, to start up over 3,600 homes for the most vulnerable in Santa Clara County. As state subsidies have become scarcer, Housing Trust has launched its Building Impact Initiative to address the needs of our borrowers today. This initiative brings together capital from CRA motivated investors and philanthropy as well as through the sale of these notes to a range of investors.

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2 HUD Exchange (2024) https://files.hudexchange.info/reports/published/CoC_PopSub_CoC_CA-500-2024_CA_2024.pdf

3 Novogradac rent income calculator https://ric.novoco.com/tenant/rentincome/calculator/z1.jsp

4 AARP

5 California Association of Realtors https://www.car.org/aboutus/mediacenter/newsreleases/2024-News-Releases/3qtr2024hai

6 Out of Reach Report (2024) https://nlihc.org/sites/default/files/2024_OOR.pdf

Both federal and state subsidies drive our borrowers' ability to develop affordable housing. In addition, funding provided by ballot measures, impact fees, and similar types of revenue streams serve as sources of permanent financing for affordable housing creation. This subsidy remains limited. A CDFI like Housing Trust will provide startup, patient capital for developers who plan to access these subsidies. We intend to continue 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. And as our borrowers access new subsidies, we intend to provide loan products that best suit their needs. By harnessing the collective resources of Silicon Valley and beyond (including foundations, tech companies and other employers and individuals) and the desire to be part of effective problem-solving, Housing Trust will continue to use proceeds of the Community Impact Notes as the catalyst to create the affordable housing we need in the region. This housing will be affordable to a range of our neighbors from teachers, first responders, and minimum wage earners to those experiencing homelessness or in need of supportive housing. We will continue to innovate to provide capital solutions to partner with state and federal programs to support developers to produce and preserve the housing our region and our state needs. When fully invested, placed or sold in amount of $120M proceeds from the offering of the Community Impact Notes could constitute the start-up capital to enable the expansion of 7,400 affordable homes over the next ten years. We believe that these 7,400 units will impact its new residents and will also have a positive impact on the environment by easing traffic congestion in our region. For example, we estimate that each Community Impact Note assisted household will save an average of $1,000 on rent per year as compared to market rate rent. Further, given that most affordable housing sits near public transit, we believe that Community Impact Note-assisted units will generate greenhouse gas reductions of 109.4 metric tons per year and 50 million fewer vehicle miles traveled per year. [7] [8] [9]

OUR PROGRAMS

Housing Trust pursues two main program areas to help achieve its mission: multifamily lending to affordable housing developers and direct lending to individual homebuyers and homeowners.

MULTIFAMILY LENDING

Since its inception in 2000, Housing Trust invested $580 million in affordable housing, resulting in 17,000 housing opportunities created. Our suite of multifamily lending products is focused on borrowers that are 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. By doing so

7 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"

8 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.

9 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 we are collectively revitalizing our 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, Sacramento, and Sonoma Counties.

Details on each of Housing Trust's multifamily loan products are listed below.

Product	Description	Term
Acquisition, Predevelopment	Early-stage, patient capital not offered by traditional lenders for acquisition of a site or building and/or predevelopment	Up to 3 years with up to two 6-month extensions
Construction	Capital to support the construction period of a project	Up to 3 years with up to two 6-month extensions
Permanent	Permanent financing for stabilized multifamily properties	5 – 20 years
Preservation	Acquisition and/or rehabilitation or refinancing of existing operating multifamily rental property	3 – 10 years

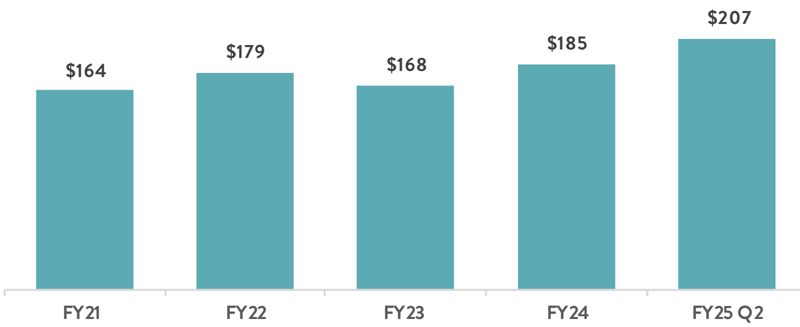
The loans Housing Trust makes are repaid in several ways. Loans are often structured with repayment coming from construction financing. If a project is terminated before project completion or construction, we can be repaid from the proceeds of the sale of the land or building and because we generally 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 also offer homeownership products to individuals 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. Since our founding, we have made more than 2,590 down payment assistance loans totaling over $64 million. 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 $187,000. We currently offer qualified homebuyers a 30-year, deferred interest, second mortgage to supplement a down payment. We currently offer these products only to low-, moderate- and middle-income buyers.

Housing Trust's loan portfolio consists of loans reflected in Housing Trust's notes receivable as reflected in its accompanying audited financial statements. Housing Trust earns revenue on these loans including interest, origination fees, and servicing fees. In addition, Housing Trust has entered into partnerships with an unaffiliated third party whereby it originates, and services loans and earns revenue for this work. These loans are not reflected in Housing Trust loans receivable balances and the fee revenue is recorded under Contract Program Revenue on Housing Trust financial statements.

Gross Loans Receivable ($M)



CORPORATE INFORMATION

Housing Trust's office is located at 75 E. Santa Clara Street, Suite 1350, San Jose, CA 95113.

Our website is 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 Memorandum.

USE OF PROCEEDS

Proceeds from the sale of the Community Impact Notes will be used for general corporate purposes, which we intend to primarily be funding Housing Trust's loan products. These loans provide 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 market, regions where we have conducted most of our historical lending (Santa Clara, San Mateo, Santa Cruz, Alameda, Sonoma, Contra Costa, and San Francisco counties), but as we continue to grow our work in the greater Bay Area, the offering proceeds could also be used elsewhere. Housing Trust intends to make initial loans to be repaid during the term of the Community Impact Notes. Repaid loans will revolve back into our multifamily pool of funds and will be loaned out again. Although proceeds from repaid loans may be used to repay Community Impact Notes upon maturity, Community Impact Notes may also be repaid from other sources, including grant revenue or proceeds from the sale of other notes by Housing Trust in the future. As a result, although we do engage in careful cash management planning, we are not restricted in our lending to having maturity dates that match our Community Impact Notes exactly.

In the past 7 years, our TECH Fund campaign (including the sale of prior series of Community Impact Notes) has received commitments of $118 million and invested over $190 million (including revolving funds) to affordable housing developers to start-up or preserve over 6,500 affordable homes. With the launch of the Building Impact Initiative and the full subscription of this offering, we intend to lend funds to affordable housing developers who could potentially create 7,400 affordable homes in the coming ten years.

MULTIFAMILY LENDING

Housing Trust loan products provide financing options to meet the needs of the moment which includes pre-development and acquisition financing, lower cost construction and rehabilitation loans to reduce project costs, permanent financing at rates and terms to help fill gaps and preservation financing to keep low-income residents housed.

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 overtime, 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 organizations and may include both 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 Standards and Guidelines. Housing Trust's Lending Standards and Guidelines are approved by the Credit 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 PROJECTS

The following is a sample list of current or recent projects financed by Housing Trust utilizing Community Impact Notes as source of financing. 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.

Royal Court, Morgan Hill (Santa Clara County)
In December 2023, Housing Trust provided a $3,000,000 permanent loan to Eden Housing to refinance an operating property bringing 55 affordable units to Morgan Hill. Additionally, the developer plans to use these funds for repairs and bolster the properties reserves. The site has been fully occupied the past 4 years with 21 units dedicated as 3-bedrooms for residents earning 30-60% AMI. This project is an example of how Housing Trust supports our borrowers during times of increasing costs and provides the opportunity for projects to rebound and remain affordable.

Pacific Station, Santa Cruz (Santa Cruz County)
In August 2021, Housing Trust provided a $500,000 predevelopment loan to For the Future Housing for their Pacific Station Project in Santa Cruz. The loan repaid when the apartments commenced construction on a seven-story, 70-unit apartment building with an onsite medical and dental clinic. The building is within 100 yards of the Metro Transit Center in Santa Cruz. The households who will move in will average under 50% Area Median Income with 20 reserved for households earning up to 30% of Area Median Income. In addition, this property will have 22 vouchers for people with developmental disabilities. Housing Trust provided a second loan with long-term grant capital to the project to help close a gap in the long-term funding. The loan has a 20-year term and enabled the developer to start construction much sooner than had they searched for additional sources of government subsidy.

Residences at Liberation Park (Alameda County)
In February 2024, Housing Trust, with its partnership called Launch Initiative and a local CDFI, provided a $1,500,000 predevelopment loan to Black Cultural Zone Community Development Corporation for their project in Oakland. The proposed project will have 119 apartments designed as affordable housing that lifts artistic and cultural work while responding to the needs of the post-pandemic workforce. This loan falls under Housing Trust strategic initiative to increase access to capital to BIPOC developers and continues Housing Trust's commitment to prevent and end homelessness.

Agrifood, Santa Clara (Santa Clara County)
In September 2023, Core Affordable Housing had the grand opening for 181 affordable homes in Santa Clara County. Housing Trust provided a $5,518,222 predevelopment loan for this project. Agrihood is focused on homes specifically for Seniors and includes 1.7 acres for urban farming and open space with opportunities for the community and residents to enjoy. The Westgate mall is across the street and there are 2 VTA stations located nearby. This development is an example of Housing Trust providing patient capital at the right time as it took many years to bring to fruition.

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, 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, banks, and government agencies During the fiscal years ending June 30, 2024 and June 30, 2023, such grants and contributions totaled $4.6 million and $13.2 million, respectively. As of December 31, 2024, grants and contributions totaled $39.2 million. In each period the grants were largely for lending capital and not available for operations.

CAPITALIZATION TABLE

The following table discloses the capitalization of Housing Trust as of June 30, 2024. For audited figures, please see **"Consolidated Financial Statements"** in Note 4.

Capitalization	June 30, 2024	June 30, 2023
Housing Trust Community Impact Notes	$61,965,000	$45,880,000
Existing Notes Payable	$28,250,000	$39,000,000
Existing Non-Recourse Capital from Third Parties	$10,509,081	$5,722,647
Net Assets	$140,532,483	$125,865,056
Total Capitalization	$241,256,564	$216,467,703

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, 2024, Housing Trust had $94.6 million in cash and cash equivalents and investments in marketable securities. $55.4M of the $94.6M is restricted for programs that we expect to deploy by the end of FY26. On September 3, 2024, Housing Trust received a $30M unrestricted donation from a private foundation. We will use this as catalytic capital for deployment over the next several years and a portion will be used to seed the Building Impact Initiative.

Investments as of June 30, 2024	Amount	Percentage of Total
Cash, Cash Equivalents and Investments	$94,618,612	34%
Loans to Homebuyers, net	$6,075,117	2%
Loans to Affordable Housing Developers, net	$179,028,684	64%
Total	$279,722,413	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, 2024	Amount
Total Cash, Cash Equivalents and Investments	**$94,618,612**
Cash, Cash Equivalents & Investments restricted for programs	$55,425,939
Cash, Cash Equivalents with Time Usage Restrictions	$830,383
Cash and cash equivalents held for others	$2,940,840
Restricted investments to support program net asset restrictions	$1,465,736
Total Cash, Cash Equivalents and Investments not Available for Operations	**$60,622,898**
Cash, Cash Equivalents and Investments Available for Operations	**$33,955,714**

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 Memorandum.

	Year ended		
	30-Jun 2024	**30-Jun 2023**	**% change**
Balance Sheet Highlights			
Total cash, cash equivalents and investments	94,618,612	89,199,653	6%
Gross Loans Receivable	185,103,801	167,653,861	10%
Total Assets	276,529,893	244,644,739	13%
Total Notes Payable	100,395,710	96,605,693	4%
Total Liabilities	135,997,406	118,779,683	14%
Net Assets	140,532,487	125,865,056	12%

Income Statement Highlights			
Support and Revenue (net of financing costs)	21,596,084	23,373,020	-8%
Expenses	8,062,636	6,954,524	16%
Change in Net Assets	13,533,448	16,418,496	-18%
Change in Unrestricted Net Assets	26,731,495	22,106,366	21%
Change in Restricted Net Assets	-13,198,778	-5,687,870	-132%

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

You should read the following in conjunction with the sections of this 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 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 Memorandum.*

Year-over-Year Financial Highlights

SUMMARY OF CHANGE IN NET ASSETS

Housing Trust's change in net assets for the 6-month period ending December 31, 2024, was $39.9 million, compared to $10.3 million for the 6-month period ending in December 31, 2023. This is nearly four times what it was during the same period the prior year. The primary drivers of this increase are an unusual $30 million donation from a foundation and revenue recognition timing ($9 million) of Apple grant funds.

Total revenue increased by $39.5 million compared to the period ending December 31, 2023 largely due to private grants which rose by $35 million. The recognition of Apple Affordable Housing Fund grants significantly impacted GAAP revenue recognition.

Lending revenue increased by $700 thousand for the 6-month period ending December 31, 2024. While total loan production remained flat at $26 million, the primary driver of higher lending revenue has been loan extensions. Borrowers are opting to extend their loans due to delays in pulling together their capital stack or in converting construction loans to permanent. Investment revenue is also benefiting from the elevated interest rate environment, generating $2.1 million, which is $0.2 million higher than the prior 6-month period.

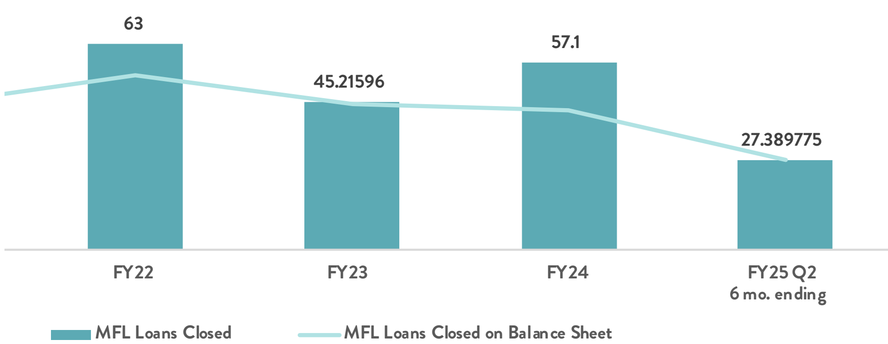
Operating expenses increased by $260 thousand in the 6-month period ending December 2024 from the prior year period, excluding the provision for loan losses. The main driver of this increase was a $270 thousand rise in salaries and benefits, attributed to additional staff hires, and salary increases reflecting significant promotions and market adjustments, as well as a 13% rise in healthcare benefit costs. Additional expenses were also incurred due to consulting services required to backfill the Chief Credit Officer role, which became vacant four months into FY24. These consultant expenses will continue through the rest of the fiscal year during the transition to our newly hired Chief Credit Officer.

SUMMARY OF CHANGE IN BALANCE SHEET AND CASH FLOWS

Gross loans receivable increased from $185 million as of June 2024 to $208 million as of December 2024. This growth was driven by loan closings, net of repayments, and true sales of loan participations. Additionally, we saw an increase in loan extensions, with $25 million extended in the six-month period ending December 2024.

The multifamily lending program is experiencing similar loan closing volumes compared to the first half of last year, with approximately $26 million closed.

MF Loans close on/off Balance sheet $M



Notes payable decreased $8 million, from $100.4 million as of June 2024 to $92 million as of December 2024. This decline was primarily driven by the repayment of $10 million TECH Fund Notes, net of newly raised debt.

Cash increased by $10 million as of December 2024. Key changes include: $6 million in borrower repayments, offset by $27.4 million in loans funded. Capital raised through grants and donations amounted to $36.9 million as of December 2024, while net debt repayments were $8 million. Net operating cash flow and other changes in capital through participation pools contributed an additional $6.9 million, resulting in an overall increase in cash.

OTHER KEY UPDATES

Housing Trust's self-sufficiency ratio (excluding provision changes) increased significantly from 125% in the first six months of FY24 to 138% in the similar period of FY25. This calculation excludes provision swings to provide a clearer analysis of real operational sustainability. The increase in self-sufficiency is driven by lower staff salaries and benefits due to vacancies.

Operating expenses increased by $260 thousand for the 6-months period ending December 31, 2024 compared to the prior period ending December 31, 2023. Earned operating revenue also saw a modest increase, rising $0.68 million, as loan extensions led to higher loans receivable balance, thereby increasing interest income.

Operating Income reached $32 million in the 6-month period ending December 2024, a $30 million increase over the prior period ending December 31, 2023, primarily due to the generous large donation.

SELECTED FINANCIAL DATA

Balance Sheet Highlights	FY25 As of December 31, 2024	FY24 As of June 30, 2024	% change	$ change
Cash, Cash Equivalents and Investments	$104,261,466	$94,618,612	10%	$9,642,854
Gross Loans Receivable	$207,518,381	$185,222,802	12%	$22,295,579
Total Assets	$307,503,017	$276,440,533	11%	$31,062,484
Total Notes Payable	$92,360,348	$100,395,710	-8%	-$8,035,362
Total Liabilities	$127,020,754	$135,908,045	-7%	-$8,887,291
Net Assets	$180,482,263	$140,532,488	28%	$39,949,775

Income Statement Highlights (6 months)	FY25 Period Ending December 31, 2024	FY24 Period Ending December 31, 2023	% change	$ change
Support and Revenue	$45,881,756	$6,476,331	608%	$39,405,425
Expenses	$4,961,024	$4,671,987	6%	$289,037
Operating Expenses	$4,853,150	$4,592,896	6%	$260,254
Change in Net Assets	$39,949,775	$10,335,746	287%	$29,614,029

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 quarterly. 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.

Lisa Gutierrez, ***Chair***	Senior Vice President, Director of Business Development U.S. Bancorp Impact Finance
Jonathan Fearn, ***First Vice-Chair/ Second Vice-Chair***	Senior Vice President, Development Signature Development Group
Kevin Deeble, ***Treasurer***	Director, Corporate Finance Cisco Systems Inc
Sharon Lee, ***Secretary***	Privacy & Product Legal Counsel Seam
Joe Anzalone	Executive Vice President & Chief Commercial Banking Officer Tech CU
Jana Barsten	Former Partner & Global Audit Sector Leader, Technology (Retired) KPMG
Mike Beasley	Advisory Board Member Gilroy Compassion Center
Tatiana Blank	Chief Financial Officer Eden Housing
Emily De La Guerra	Interim CFO/Senior Strategic Advisor Santa Clara County Housing Authority
Katie Ferrick	Managing Director, Global Community Affairs Applied Materials

Fiona Hsu	Head of Community Development Finance First Citizens Bank
Welton Jordan	Chief Real Estate Development Officer EAH Housing
Meg McGraw-Scherer	Senior Housing Finance Consultant/Peninsula Director California Housing Partnership Corporation
Sindy Spivak	Senior Vice President, Community Development Banking Bank of America Merrill Lynch
Tim Steele	Senior Vice President, Real Estate Development The Sobrato Organization
Dana Stranz	Vice President, Credit & Risk RSF Social Finance
Ahmad Thomas	Chief Executive Officer Silicon Valley Leadership Group

MANAGEMENT

Housing Trust's executive management team is comprised of five seasoned professionals with an average tenure of over 3 years with the organization and each with the skills set to effectively execute their responsibilities. In February 2022, Housing Trust added the role of Chief Credit Officer to the executive team and hired an experienced professional to the post.

Noni Ramos: Noni Ramos is Chief Executive Officer of Housing Trust Silicon Valley. As a principal executive of the organization, she provides strategic leadership, oversees all day-to-day operations, and serves as the company's primary spokesperson. Noni's impressive background spans over three decades working in the affordable housing field. She is driven to do this work because she knows first-hand how affordable housing can change the trajectory of one's life and that if each of us decides to make a difference, together there is nothing we can't accomplish. Under Noni's leadership, Housing Trust has continued to use transformative housing finance and public and private partnerships to create more equitable and affordable communities. Housing Trust's TECH Fund is a prime example of how varied stakeholders can partner for greater impact. The Fund is an investment vehicle designed to enable philanthropic organizations and large employers to be part of the affordable housing solution. Housing Trust's work with the Google and Apple affordable housing funds is another approach which enables Housing Trust to fund the creation of more homes in our communities. Prior to Housing Trust, Noni was at Enterprise Community Loan Fund as Senior Vice President and Chief Operating Officer, where she oversaw the lending, credit and risk management, finance, and administration functions. Noni currently serves as board chair of the California Coalition for Community Investment, a coalition of cross sector CDFIs working in California, and Mercy Community Capital. She is also a board member of the National Association of Affordable Housing Lenders, NPH Action Fund, Community

HousingWorks, and Community Health Center Capital Fund. Noni received a bachelor's degree from the Walter A. Haas School of Business at the University of California, Berkeley, and earned a master's in public administration from the California State University, East Bay.

Julie Mahowald: Julie Mahowald joined Housing Trust as Chief Financial Officer in January 2016. Her responsibilities include strategy and planning, capital structure and capital raise, accounting, treasury as well as admin and operations. She has also served as interim CEO of Housing Trust. She is part of the leadership team bringing the TECH Fund, the Apple Affordable Housing Fund, and Google's Launch Initiative to fruition –each investing funds to start up or preserve affordable homes within months of establishment. Julie brings over 30 years of corporate finance, treasury management, and strategy experience in high growth tech firms such as Oracle, Maxtor, Celestica, and various Silicon Valley start-ups. Julie's roles included raising capital from banks and venture firms, international finance, and guiding an initial public offering. Julie also has extensive non-profit management experience through her volunteer board positions. She served on the board of the Los Altos Community Foundation for 7 years and is a past Co-Chair. She was also a long-time board member of the East Palo Alto Kids Foundation. Julie currently serves on the board of Silicon Valley@Home. Julie earned her BA in Economics from Tulane University and an MBA in Finance and MA in International Studies from the Wharton School, University of Pennsylvania where she was a Fellow with the Lauder Institute of Management and International Studies.

Julie Quinn: Julie Quinn re-joined Housing Trust in the newly created role of Chief Program & Impact Officer (CPIO) in January 2024. In this role, Julie will ensure that Housing Trust programs are responsive to community needs, as well as being well-executed, impact focused, and aligned with strategic priorities. She will be responsible for achieving strategic objectives around new programs and products, leveraging organizational competencies, complementing existing offerings, and developing metrics for success. Julie has over 20 years of experience in community lending and affordable housing. Most recently, Julie was the Director of Investor Relations at Merritt Community Capital for the past three years, where she raised over $350 million in low-income housing tax credit equity, closing Merritt's largest fund to date, and building out a proprietary investment platform. Prior to Merritt Capital, Julie was at Housing Trust Silicon Valley for 10 years in a number of roles, most recently as Chief Development Officer where she managed debt and grant solicitations to banks, corporations, foundations, and government sources, securing over $260 million. In that role, she also oversaw communications and events. During her tenure, she also worked on the homebuyer and multifamily lending teams. Julie has also worked for cities in Massachusetts and North Carolina in affordable housing development, program and portfolio management, and started her career with a nonprofit developer. She earned her MA in Urban Planning from the University of Southern California and BA from University of California, San Diego.

Sean Callum: Sean Callum joined Housing Trust in January 2025 as Chief Credit and Risk Officer. In this role, he leads Credit, Loan Administration, and Asset Management, overseeing credit risk management and portfolio performance, portfolio reporting and servicing, credit policies and procedures implementation, and firm-wide risk management and compliance initiatives. Sean has over 30 years of experience in all aspects of the credit life cycle and risk management. His past professional experience includes serving as the Credit Risk Officer at a $200 billion bank, where he was responsible for approving loans, leading the Special Assets Department, and overseeing a $180 billion loan portfolio at the Enterprise Risk Management level. Prior to that role, Sean was the Deputy Director of Credit Administration. Sean has also held leadership positions in commercial real estate financing, sourcing and underwriting new credit of all property types across small, medium, and large lending institutions. Sean serves on numerous boards, including Eden Housing, where he is chair of the Audit Committee and a member of the Executive Committee. He holds a BA in Economics from the University of California, Berkeley.

Nick Friend: Nick Friend joined Housing Trust as Chief Lending Officer in February 2025. In this role, Nick will ensure that Housing Trust's financing catalyzes impactful affordable housing developments throughout its footprint. He will be responsible for managing the loan officer and underwriting teams and providing strategic direction for the group's lending products. He is focused on ensuring the Housing Trust's lending is socially impactful, responsibly structured and ensures the long-term sustainability of the organization. Nick has nearly 20 years of experience in community lending and affordable housing finance. Most recently, Nick was the Director of Northern California and a Vice President at Century Housing for the past nine years, where he established Century's physical presence outside of Los Angeles and grew the Northern California region from a couple of loans at his arrival to now comprise 45% of its portfolio. Nick worked with affordable housing developers large and small to structure over $650 million of acquisition and bridge loans and started a permanent lending product as well as a Northern California construction loan product for the organization. Nick also oversaw Century's grant applications and received over $27 million in federal and state grants for the organization. Prior to Century Housing, Nick worked at the Community Preservation Corporation (CPC) as a mortgage officer and at Citi Community Capital as an associate investing tax credit equity, providing financing for CDFI's, including CPC and Century and invested in private equity funds. Nick got his start as a project manager for the New York City Economic Development Corporation maintaining the construction budget and schedule of the High Line, a highly impactful linear urban park built on Manhattan's west side. Nick is on the board of Operation Dignity, an East Bay-based supportive service provider and was formerly on the board of Cal-ALHFA. He earned his MBA concentrating in real estate from Columbia University and his BA in Architecture from Yale University.

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.

Connections to the Silicon Valley ecosystem are crucial for us, and these board members bring an enormous amount of insight, relationships, and at times capital opportunities.

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.

As of December 31, 2024 Housing Trust was party to the following related party transactions.

1. One note payable to Silicon Valley Bank, an organization with which board member Fiona Hsu is affiliated, in the amount of $5 million.
2. One note payable to Cisco Foundation, an organization with which board member Kevin Deeble is affiliated, totaling $10.5 million.
3. Ten loans made by Housing Trust to Eden Housing, an organization with which board member Tatiana Blank is the Chief Financial Officer and our Chief Credit Officer Sean Callum serves as a board member, with a total outstanding balance of $17.1M.
4. One loan made by Housing Trust to EAH, an organization with which board member Welton Jordan is the Chief Real Estate Development Officer, with a total outstanding balance of $3.5M.

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. Capitalized terms not otherwise defined here have the meanings ascribed to them in the Note Purchase Agreement.

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 Community Impact Notes in four series, with an aggregate principal amount of up to $120,000,000 without regard to series. The Company will issue Notes in minimum denominations of $10,000. Each investor may elect to purchase one or more notes from the series listed below:

Series	Time to Maturity (from date of issuance)	Interest Rate
14	2 years	1.5%
15	3 years	1.5%
16	5 years	1.5%
17	10 years	3.0%

Where an investor is committing to a purchase of at least $15 million in the Series 17 Community Impact Notes (i.e., the 10-year Notes), we may issue such Notes with a rate as high as 50 basis points below the 10-year treasury bill rate as of the date such Notes are issued.

For all Community Impact Notes, time to maturity shall be measured from the date of issuance. We will pay interest semi-annually, 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.

CAPITAL CALL FOR LARGER INVESTMENTS

Where an investor is committing to a purchase of at least $5 million in any series of Community Impact Notes, we may agree to a capital call structure whereby less than 100% of such investment commitment is actually contributed at the time of signing the Note Purchase Agreement. The full commitment would be subject to capital calls by Housing Trust. Interest would only accrue on called capital.

Where an investor is committing to a purchase of at least $15 million in the Series 17 Community Impact Notes (i.e., the 10-year Notes), we may issue such Notes with a rate as high as 50 basis points below the 10-year treasury bill rate as of the date such Notes are issued.

AUTOMATIC RENEWAL

At maturity, Community Impact Notes will automatically renew for the same term and interest rate. If a Purchaser does not want their Community Impact Note to automatically renew, they must give Housing Trust notice at least 60 days prior to the maturity date. Where a Community Impact Note is not renewed, all outstanding principal and accrued, unpaid interest will be repaid at maturity.

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

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. 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 the payment of principal of any Note of the same series when due and payable at its maturity or at a date fixed for prepayment or by declaration and continued for 2 business days;

(2) a default in any payment of interest on any Note of the same series when due and payable continued for 5 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 affected 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 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.

If any other Event of Default occurs and is continuing, any holder or holders of not less than 51% in principal amount of the outstanding Notes of that 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. 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.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this 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 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 Memorandum. Some statements in this Memorandum, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section titled **"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 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, and we have built into our cash flow models adequate loss reserve to account for potential late payments or defaults. 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, there is a risk that we will have insufficient resources to repay outstanding debts, including the 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 use transformative housing finance and public and private partnerships to create more equitable and affordable communities. It accomplishes this through lending capital to nonprofit and for-profit mission-aligned affordable housing developers to create and rehabilitate affordable rental housing. 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. 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. Lending to less traditional 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 often 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.

In addition, our borrowers have been experiencing higher operating costs and increasing difficulty obtaining the subsidies available through state and local government as the availability of those funds shrinks. This poses a greater risk for the timeline of development and anticipated take-out sources.

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 and occasionally at later stages as a bridge to new long-term investment. 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 another financial institution or 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 acquisition, predevelopment and construction portfolio is roughly 4 years and median term roughly 3 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. At the same time, our team regularly reviews our cash flow projections to prepare for pending maturities. We have offered promissory notes similar to the Community Impact Notes to investors over 8 years and have never defaulted.

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 on June 30, 2024 we had "unrestricted net assets" (i.e., net assets without donor restrictions) of approximately $110.7 million (including $34 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 solicit grants and donations or issue debt securities or otherwise borrow funds as its source of capital 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 and donors may be unwilling to make new or additional loans or grants to Housing Trust.

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.

The Notes are general, unsecured obligations of Housing Trust and will be effectively subordinated to any of Housing Trust's existing and future secured indebtedness, to the extent of the value of the collateral securing such indebtedness. As of June 30, 2024, Housing Trust's outstanding secured indebtedness was $10,250,840. The secured indebtedness consisted 100% of outstandings under the U.S. Department of the Treasury Community Development Financial Institutions Fund's Bond Guarantee Program (the "CDFI Fund BGP"). The CDFI Fund BGP initially permitted Housing Trust to borrow up to $25,000,000. As of June 30, 2024, the total available borrowings under the CDFI Fund BGP was $0 as the deadline to deploy the rest of the funds passed in September of 2021. The Community Impact Notes do not limit the total indebtedness or the type of indebtedness that we may incur. Housing Trust's net assets represent approximately 195% of outstanding notes payable on December 31, 2024, 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 85% over time. Such a low ratio, 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.

Payment of principal and interest will depend solely upon the financial condition of Housing Trust. Thus, Housing Trust's assets, including any collateral securing other obligations, may be insufficient to fully satisfy Housing Trust's obligations to repay the Notes. Therefore, the relative risk level is higher for the Notes than for Housing Trust's secured indebtedness.

As of the date of this Memorandum, Housing Trust has outstanding approximately $80 million in predecessor notes substantially similar to the Community Impact Notes that were sold to investors in prior offerings.

While these note obligations are not secured and are pari passu with all of our senior unsecured debt, in case of a bankruptcy, dissolution or similar occurrence, amounts available for repayment often would be split proportionately among creditors with equal standing. So if less than the full amount owed to all such creditors is available for repayment, the amount that a Community Impact Note holder might receive would be less than if no other such notes were outstanding.

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.

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 outstanding loan portfolio is concentrated in Santa Clara County. Housing Trust's geographic focus market is the 14 counties of the greater Bay Area and, in FY24, Contra Costa County had the most lending activity. Local economic conditions in the geographies in which we operate now and in the future 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 and state economic conditions that could negatively affect the financial results of Housing Trust's operations and its ability to repay the Community Impact Notes.

Housing Trust's operating revenues and ability to increase its unrestricted net assets may be affected by fluctuations in interest rates.
Interest rates have dramatically risen after a long period at historically low levels. Increasing interest rates are the result of attempts to control for inflation, which continues to be a concern in the current environment. Issues with inflation are the result of a combination of factors include, for example: supply chain issues, labor market challenges, and the impact of COVID-19 or similar pandemics, or international wars such as the one ongoing in the Ukraine. Additionally, the rise in rates has caused liquidity risk for certain financial institutions and has resulted in recent banks experiencing government intervention and support or banking consolidation. If Housing Trust had to rely solely on bank capital to fund loans, the cost of borrowing for Housing Trust would increase, causing Housing Trust to increase its lending rates over previous levels. In addition, higher interest rates discourage developers from acquiring new property and commencing affordable housing projects. This has in the past slowed deployment of Housing Trust capital including the Community Impact Notes. This could result in fewer affordable homes being created or further delays in affordable home creation. While a number of factors impact Housing Trust net interest margin, a further increase 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.

OPERATIONAL RISKS

Approximately 30% of Housing Trust's loans receivable outstanding are held by two large affordable housing developers.
As of September 30, 2024, Housing Trust held $207 million of loans receivable, $201 million (or 97%) of which were made to affordable housing developers. Two large affordable housing developers, Charities Housing and MidPen Housing, are the developer borrowers in 18 loans and 7 loans respectively, totaling 30% of loans receivable outstanding. The remainder of the $140 million in multifamily loans are spread among 39 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 our combined loan portfolios. The reserve is determined by, among other things, loan portfolio risk analysis, current economic conditions, loss history, according to Generally Accepted Accounting Principles, or GAAP. Despite the historically low loss history in the multifamily portfolio, the reserve for this portfolio on June 30, 2024 was calculated at approximately 4.2% of outstanding loans, or roughly $7.8M. The percent of loans on nonaccrual status was approximately 3.1% of outstanding loans as of June 30, 2024 and 3.7% as of December 31, 2024.We had two loans on non-accrual status from the same borrower as of December 1, 2023 and resolved the larger one that same month. With the implementation of CECL on July 1, 2024, we have adopted a more systematic and granular analysis of loan products segregated into pools that share similar risk profiles, based on lifetime balances versus the previous method of estimating loan losses on a mixture of collateral type, product, and risk rating dependent upon historical events. When excluding non-accrual loans that are reserved for in the same manner for either method, the adoption of CECL has resulted in an approximate 1% decrease in the allowance for credit losses and more adequately represents our risk profile. Management of the Company performs a quarterly analysis of all of its loan portfolios and assesses the adequacy of the reserve semiannually. 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 fully address all potential losses.

Housing Trust's small staff size could create limitations to its transactional process capacity such that external factors that draw on this capacity can have an impact on our results of operations.
Housing Trust staff totals 32, and we have not achieved a prior year operating plan which called for staff to grow to 37. The company operates in the greater Bay Area where we often compete with banks and technology firms for talent. Given the significant pace of recent growth in our balance sheet coupled with the turnover of senior staff over the past two years, we prioritize investing in our people and in new and improved software to support operations. However, factors and/or events such as programs and partnerships that draw heavily upon our bandwidth or a global pandemic could have a negative impact on our ability to achieve the impact desired with the Community Impact Notes as well as the results of operations. For example, limits on

our staff capacity will limit the pace at which we can underwrite loans and deploy capital, which in turn impacts our revenues.

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 become 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 deploy and repay the Community Impact Notes could be adversely affected. Further, Housing Trust does not maintain key person 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.

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 charitable contributions for a portion of its revenue for both lending and to cover operations. Although for the twelve-month period ending June 30, 2024 Housing Trust covered 125% of its operating expense from earned revenues and therefore required no grants or contributions to cover operating expenses, we have historically and expect in the future to rely to some extent on grants and contributions to cover operating expenses and new initiatives. 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. Although our cash position is currently very strong due to unusually large donation amounts in 2024, that position is exaggerated compared to the levels we seek to maintain. We expect to deploy much of that capital in new loans, so won't maintain this high amount of cash and equivalents.

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, cybersecurity breaches, natural disasters, 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.

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.

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.

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 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" lawsuit). 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.

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.

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 1.5% and 3.0%, 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.

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, 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 and could cause Housing Trust to cease operations altogether.

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 negatively impact Housing Trust's financial viability and cash flow and may 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 are generally expected to be deemed to receive additional taxable interest as a result of the "below-market" interest rate.
All interest paid or payable on the Community Impact Notes will be taxable income to U.S. holders of Community Impact Notes. In addition, U.S. holders are expected 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 unless an exception applies. The interest rates on the Notes are expected to be below-market rate for purposes of these rules and, subject to certain exceptions, U.S. holders of the Community Impact Notes 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.

Changes in Tax Laws.
Changes to tax law could be made which could have unexpected and material effects on the tax treatment of an investment in the Community Impact Notes, including potentially with retroactive effect.

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, 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 laws 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. Similarly, Housing Trust is not required to register under the Investment Company Act of 1940, as amended. Federal and state securities law are subject to change and frequently do change. Future changes in federal or state securities laws, rules, or regulations may make it costlier and more difficult for Housing Trust to offer and sell the Community Impact Notes and continue our operations. Such an occurrence could result in a decrease in the amount of Community Impact Notes sold by Housing Trust or net proceeds available to deploy as loans, which could affect our operations and ability to meet our obligations under the Community Impact Notes.

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 pursuant to this offering 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 a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds Community Impact Notes, the tax treatment of the partnership (or other entity) and its partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership (or entity treated as a partnership for U.S. federal income tax purposes) or a partner or member in a partnership (or entity treated as a partnership for U.S. federal income tax purposes) considering an investment in the Community Impact Notes, you should consult your own tax advisors.

The discussion is for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the purchase, ownership and disposition of Community Impact Notes by a holder in light of such holder's personal circumstances. 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 bank, a thrift or another financial institution or financial service entity;
- a private foundation or other tax-exempt organization;
- an insurance company;
- a retirement plan;
- a person holding the Community Impact Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle or other integrated investment;
- 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 foreign government or international organization (within the meaning of Code Section 892);
- a U.S. expatriate;
- a partnership or other entity treated as a partnership for U.S. federal income tax purposes or an investor therein;
- an S corporation or any investor therein; or
- a holder that is not a U.S. holder.

Holders subject to the special circumstances described above may be subject to tax rules that differ significantly from those summarized below.

This summary is based on the Code, existing and proposed 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 applicable state, local or foreign tax laws, 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 Community Impact Notes that the holder owns does not exceed $250,000 at any time during the applicable taxable year, subject to certain requirements. Holders are strongly urged to consult their tax advisors concerning the application of the imputed interest rules under the Code to the Community Impact 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 taxable gain or loss equal to the difference between the amount of cash and the fair market value of any other property received upon such disposition (less any amount attributable to accrued and unpaid interest, which will be taxable as interest income as discussed above to the extent not already included in income) and the adjusted tax basis of the Community Impact Note. A U.S. holder's tax basis in its Community Impact Note generally will be such U.S. holder's purchase price for the Community Impact Note, subject to the application of the imputed interest rules under the Code. Any such gain or loss will generally be capital gain or loss. This gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for the notes is greater than one year. Capital gains of certain 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. Certain 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 (or deemed paid) on or with respect to the Community Impact Notes and the amount of any tax withheld from such payments. A holder may be subject under certain circumstances to backup withholding with respect to interest (including imputed interest) payments and gross proceeds from the sale, exchange or disposition (including a retirement) of the Community Impact Notes, unless (i) the holder is a corporation or comes within certain other exempt categories or (ii) prior to payment, the holder provides an accurate taxpayer identification number and certifies as required on a duly completed and executed IRS Form W-9 (or permitted substitute or successor form) or provides a duly completed and executed IRS Form W-8 (or successor form), as applicable, and otherwise complies with the requirements of the backup withholding rules 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, 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”).

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 that are discussed below, 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.

GENERAL FIDUCIARY MATTERS

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises discretionary authority or control over the administration of a Plan or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation to a Plan, is generally considered to be a fiduciary of the Plan.

ERISA (and in particular Section 404 of ERISA) requires fiduciaries responsible for plan investments to exercise prudence in selecting investments, to diversify investments to minimize the risk of losses to the plan, and to follow the terms of the plan, including investment guidelines. An investment in the Community Impact Notes is speculative and relatively illiquid. Although ERISA does not specifically prohibit plans from engaging in such investments, in deciding whether to invest plan assets in Community Impact Notes, a plan fiduciary must carefully consider, among other factors, (i) whether the investment is prudent, considering the nature of the Community Impact Notes, (ii) whether, in light of the plan’s other investments, the investment satisfies ERISA diversification requirements, (iii) the limited liquidity of the Community Impact Notes, and (iv) whether, in light of the plan’s overall investment portfolio, the risks inherent in an investment in the Community Impact Notes are consistent with ERISA standards and with the plan’s investment guidelines.

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 and diversification requirements. We do not have any responsibility for determining whether a purchase of Community Impact Notes is a prudent investment for any plan.

PROHIBITED TRANSACTION ISSUES

Section 406 of ERISA and Section 4975 of the Code prohibit 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. Such transactions may include (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 a 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, a placement agent, or any of their respective affiliates.

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 a Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

If a non-exempt prohibited transaction occurs, it must be reversed and the plan put in the position it would have been in had the transaction not occurred. In addition, an excise tax equal to 15% of the amount involved is assessed for each year that the transaction remains uncorrected and is payable by the party in interest involved in the transaction. The excise tax is increased to 100% under certain circumstances.

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 Plan involved in the transaction and provided further that the 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 a Plan.

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.

REPRESENTATION

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.

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. In addition, by acceptance of an Offered Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that neither the Company nor any of its affiliates or employees has rendered any investment advice in making such decision.

The foregoing statements regarding certain consequences under ERISA and the Code of an investment in the Community Impact Notes are based on ERISA and the Code as currently in effect, and the existing administrative and judicial interpretations thereunder. Administrative, judicial or legislative changes may make the foregoing statements incorrect or incomplete. Acceptance of an investment in the Community Impact Notes on behalf of a Plan is not a representation by us or any other party that such an investment meets all relevant legal requirements applicable to investments by any particular Plan. By investing in the Community Impact Notes, a Plan fiduciary will be deemed to have given its informed consent to the risks involved in doing so and the business terms of the Community Impact Notes.

The fiduciary and prohibited transactions provisions of ERISA and the Code are highly complex, and the foregoing is merely a brief summary of some of them. Each Plan should consult with its own counsel on the applicability and impact of ERISA and Section 4975 of the Code before investing in Community Impact Notes.

ADDITIONAL NOTES ABOUT THE OFFERING

WHO MAY INVEST:

The offer and sale of the Community Impact Notes is being made in reliance on an exemption from the registration requirements provided by section 4(a)(2) of the Act and Rule 506(c) of Regulation D issued by the Securities and Exchange Commission, thereunder ("**Regulation D**"). Accordingly, Community Impact Notes will be sold only to "accredited investors," as such term is defined in Regulation D ("**Accredited Investors**"). Investors will also be required to provide additional documentation upon which Housing Trust can verify such investor's status as an Accredited Investor.

All Accredited Investors must be of substantial means with no need for liquidity with regard to this investment and must meet certain eligibility and suitability standards, some of which are set forth below. Each investor must execute a Note Purchase Agreement. By executing a Note Purchase Agreement, an investor makes certain representations and warranties, upon which the Company will rely in accepting subscriptions. Please read the Note Purchase Agreement carefully. Housing Trust may decline any proposed investment for any legal reason, including for example if an investor is not accredited.

In signing the Note Purchase Agreement, 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.

3. It (a) is able to act on its own behalf in the transactions contemplated by this 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.

4. 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 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 Memorandum) is or has been made available to it.

5. 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.

PLAN OF DISTRIBUTION AND INVESTMENT

The Community Impact Notes are being offered directly by the Company. Housing Trust may subsequently elect to engage third parties as compensated solicitors who are registered broker/dealers or finders, in which case this Memorandum will be supplemented to disclose estimated selling commissions to be paid with Offering proceeds and related information. The Manager intends to offer the Community Impact Notes publicly pursuant to Rule 506(c) of Regulation D. The exact timing and manner of such solicitation activities will be determined by the Manager in its sole and absolute discretion.

Completed and executed Note Purchase Agreements, together with the documentary evidence of accredited investor status, must be delivered to the Company at:

75 E. Santa Clara Street, Suite 1350, San Jose, CA 95113

juliem@housingtrustsv.org

Inquiries may also be addressed to the email address above.

Housing Trust reserves the right to refuse to sell Community Impact Notes to any person, in its sole discretion, and may terminate the Offering at any time. All questions and determinations with regard to this Offering, including the selection of investors, the validity of payments made for subscriptions and the termination of the offering, will be made by Housing Trust and shall be final and binding. The Company reserves the right to cancel the offering at any time. You may not revoke a subscription tendered to purchase Community Impact Notes.

REFER TO EXTERNAL ATTACHMENT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM