



**RED HOUSING FUND  
ANNUAL REPORT**

**FY 2025**

**FOR THE PERIOD FROM JANUARY 1 – DECEMBER 31, 2025**



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## REPORT SUMMARY AND KEY FUND UPDATES

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April 22, 2026

To the Stakeholders of the RED Housing Fund:

This Report (the “Report”) on the operations of the RED Housing Fund (the “Fund”) has been prepared to satisfy the reporting requirements set forth in the Fund’s various agreements with its stakeholders. The Reporting Period for this Report is the Fund’s fifth fiscal year (January 1, 2025, through December 31, 2025).

The creation of the RED Housing Fund was driven by the Renewal Enterprise District (“RED”), a joint powers authority comprising the County of Sonoma and the City of Santa Rosa, to provide developers with a specialized financing tool designed to advance urban, infill projects. At its inception, the Fund was positioned as a strategic response to the catastrophic wildfires that devastated the region’s housing stock, while addressing developers’ need for an additional funding source to move dense, multifamily projects forward. By providing funding at terms more attractive than those of traditional capital, the Fund helps to bridge persistent financing gaps for projects that align with the goals and priorities of the RED - higher density projects in transit rich, infill areas outside of wildfire hazard zones to support equity, climate resilience, and economic development in appropriately planned areas within Sonoma County.

During the fiscal year, the Fund closed its sixth loan, a \$4.2 million construction-to-permanent loan supporting the development of Casa Roseland, which will deliver 75 new affordable housing units to the Roseland neighborhood. Three other loans to affordable housing projects (Acme, Aviara, and South Park Commons) that supported the development of 275 affordable housing units, converted to permanent loan status upon the projects being leased and stabilized.

Additionally, the Fund received repayment of its \$1.3 million loan to Pullman Lofts, which supported the development of 114 market-rate units in Santa Rosa’s Railroad Square neighborhood, and a \$2.04 million partial early repayment from South Park Commons. With the addition of Casa Roseland, the RED Housing Fund has now closed six loans totaling \$19.7 million to support 632 new housing units to date.

Lastly, the Fund issued its second Notice of Funding Availability (NOFA) in April 2025 for up to \$5 million in loan commitments, subsequently making a preliminary award of \$1.4 million to support the construction of 30 new affordable housing units.

Together, these milestones underscore the Fund’s continued commitment to expanding housing opportunities and advancing impactful investments across Sonoma County in the years ahead.



**RED Housing Fund: Board of Directors Membership as of December 31, 2025**

**Board of Directors:**

- 1) Veronica Ferguson – President
- 2) Todd Sheffield – Vice President
- 3) Amanda Ruch – Treasurer; Representative of the County of Sonoma
- 4) Michelle Whitman – Secretary; Representative of the Renewal Enterprise District
- 5) David Gouin – Representative of the City of Santa Rosa
- 6) Jen Klose
- 7) Vacant

**Advisors to the Board of Directors:**

- 1) Chris Coursey –Third District Supervisor, County of Sonoma
- 2) Victoria Fleming – Councilperson, City of Santa Rosa

**Executive Director:** Mark Krug (as of September 2025)



## PIPELINE AND PORTFOLIO UPDATE

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The RED Housing Fund will support projects that are located within the RED’s original jurisdiction and adhere to the RED Project Criteria. These criteria outline four threshold criteria that all projects applying for funding from the Fund must meet. Additionally, projects must meet a minimum of one of the Evaluation Criteria as well, designed to help differentiate projects and outline additional RED priorities.

The four Threshold Criteria are:

- The project must be located on an infill site;
- The project must provide mid- to high-density housing development;
- The project must be located entirely within a Transit Priority Area, Priority Development Area, Rural Community Investment Area, Specific Plan Area, High-Quality Transit Corridor or Qualified Opportunity Zone; and
- The project must be residential or mixed-use residential.

The Evaluation Criteria include the project’s incorporation of:

- On-site affordable units;
- On-site workforce housing;
- On-site “Affordable by Design” units (units that are typically smaller than market-rate units, more efficient, or have fewer amenities);
- Proximity to transit;
- Energy-efficient features;
- Water-efficient features;
- Excellent and innovative design;
- On-site childcare;
- Prevailing wage;
- Public outdoor space;
- Bicycle or pedestrian connectivity and/or pedestrian access;
- Location within a disadvantaged community;
- Off-site construction of affordable housing, workforce housing, or units that are “affordable by design”; and
- Mixed-door housing.

When funding is available, projects that meet the four Threshold Criteria and at least one of the Evaluation Criteria may qualify for two types of financing, depending on whether the project is classified as “affordable” (for projects with units primarily restricted to up to 80% of area median income) or “middle income/market” (for projects with units restricted to 80-120% of area median income, market rate units, or projects with a mix of income levels).

For **affordable projects**, the Fund offers long term financing that may be used as a subordinate or senior loan, from construction through permanent phase. For **middle income/market projects**, the Fund offers financing that may be used for construction financing that is subordinate to a conventional construction loan. When necessary, this loan may also convert to permanent financing, sized to a project’s available cash flow after payment of required, first-position debt.



## PORTFOLIO UPDATE

**Risk Rating Overview:** Quarterly, the Fund evaluates the loans in its portfolio to reassess the loans' risk rating. At closing, a risk rating is assigned to the loan that determines its loan loss reserve amount – this amount may be adjusted depending on various factors, such as whether the project is progressing according to its milestones, improvements in operating performance, interest coverage or debt paydown, and, likewise, any deterioration in the credit, non-compliance with covenants, or any material adverse change.

The risk rating categories and their corresponding loan loss reserve amount are:

- 1 – High Pass (loss provision of 3%): The borrower and loan are performing above projections and project milestones with no sign of deterioration in performance;
- 2 – Pass (loss provision of 5%): The borrower and loan are performing fully to projections and project milestones;
- 3 – Loss Pass (loss provision of at least 7%): There may be some sign of variance or degradation in one or more major performance criteria, but the overall quality of the investment is still acceptable;
- 4 – Watch/Attention (loss provision of 10-15%): Borrower and/or loan performance is below expectations; and
- 5 – Doubtful/Substandard (loss provision of up to 50%): The borrower or loan show significant deterioration and requires restructuring or Fund intervention.

**Portfolio Status and Review:** At the close of the fiscal year, the Fund had five outstanding loans in its portfolio:

- \$2,400,000 closed to Aviara;
- \$800,000 closed to Acme;
- \$4,000,000 closed to South Park Commons;
- \$4,200,000 closed to Casa Roseland; and
- \$7,000,000 closed to 420 Mendocino.

Additionally, the Fund received the following repayments during the fiscal year:

- \$1,300,000 (full repayment of principal upon maturity) for Pullman Lofts
- \$2,043,530 (partial early repayment of \$4,000,000 principal) for South Park Commons

Collectively, these six projects that the Fund has supported to date represent 632 new units of housing added to Santa Rosa's housing stock, 346 of which are at affordable rent levels to households earning at or below 60% of area median income and 4 are managers' units for affordable projects. Additional portfolio updates are further described in Appendix 1.



## LENDING AND PORTFOLIO OVERVIEW:

*Affordable Loans: Loans for projects in which units are restricted to incomes up to 80% AMI. Fund proceeds may be used to fund all phases of a project's development process, from construction through permanent phase.*

Loan	Address	Borrower	Total Units	Affordability Level(s)	Total Loan Amount	Total Outstanding	Loan Agreement Date	Anticipated Maturity	Risk Rating
1	<b>Aviara</b> 1385 West College Ave. Santa Rosa, CA 95401	MM Aviara, LP	136	30-60% AMI	\$2,400,000	\$2,400,000	6/1/22	6/1/40 <i>18-year term</i>	2 – Pass
2	<b>Acme</b> 1885 Sebastopol Road Santa Rosa, CA 95407	Acme Family Apartments, LP	77	30-60% AMI	\$800,000	\$800,000	10/1/22	10/1/40 <i>18-year term</i>	2 – Pass
3	<b>South Park Commons</b> 702 Bennett Valley Road, Santa Rosa, CA 95404	Bennett Valley Housing Partners, L.P.	62	15-50% AMI	\$4,000,000 <sup>1</sup> <i>*As of 11/21/25 new principal of \$1,956,470</i>	\$1,951,409	4/18/23	4/18/41 <i>18-year term</i>	2 – Pass
4	<b>Casa Roseland</b> 583 West Ave, Santa Rosa, CA 95407	MP Roseland Village Associates, L.P.	75	30-60% AMI	\$4,200,000	\$4,094,639	1/1/25	2/1/43 <i>18-year term</i>	2 - Pass
<b>Total:</b>			<b>350<sup>2</sup></b>		<b>\$11,400,000<sup>3</sup></b>	<b>\$9,246,048</b>			

<sup>1</sup> On November 21, 2025, the \$4 million construction loan was converted and paid down to a \$1,956,470 permanent loan.

<sup>2</sup> Note: Total units supported includes 346 residential units and 4 managers' units.

<sup>3</sup> Total of loan amounts is calculated based on original loan amounts at construction closing.



*Middle Income/Market Loans: Loans for projects in which units are restricted to incomes up to 80-120% AMI or are market rate (or a mix of income levels). Fund proceeds may be used for construction financing that is subordinate to a conventional construction loan, and if necessary, may convert to permanent financing.*

Loan	Address	Borrower	Total Units	Affordability Level(s)	Total Loan Amount	Total Outstanding	Loan Agreement Date	Anticipated Maturity	Risk Rating
1	420 Mendocino 420 Mendocino Avenue Santa Rosa, CA, 95401	5 <sup>th</sup> and Mendocino Partners Owner, LLC	168	Market/ Workforce	\$7,000,000	\$6,923,219	3/1/23	3/20/27 48-month term	2 - Pass
<b>Total:</b>			<b>168</b>		<b>\$7,000,000</b>	<b>\$6,923,219</b>			

**REPAID LOANS:**

Loan	Address	Borrower	Total Units	Affordability Level(s)	Total Loan Amount	Loan Agreement Date	Repayment Date
1	Pullman Lofts 701 Wilson Street Santa Rosa, CA 95401	Pullman Lofts First Phase, LLC	114	Market / Workforce	\$1,300,000	11/1/22	3/14/25
<b>Total:</b>			<b>114</b>		<b>\$1,300,000</b>		

For additional details related to the Fund's Project Loan portfolio, please see Appendix 1.



## FINANCIAL SUMMARY AND COVENANT COMPLIANCE

### FINANCIAL SUMMARY

The following section of this report reflects the Fund’s financial status through the Reporting Period. In addition, the Fund’s audited financial statements are included in Appendix 2 of this report.

For the fiscal year ending December 31, 2025, RHF ended the discounting of both loans payable (the City of Santa Rosa and the County of Sonoma loans) and loans receivable (affordable housing project loans). This change reflects management’s reassessment of market participant assumptions, which concluded that the Fund’s financing terms are consistent with industry practices and comparable to the market such that amortized costs is a reasonable approximation of fair value and continued discounting is no longer necessary. The Fund’s 2025 audited financials incorporates this change in accounting estimates and provides a more accurate reflection of the Fund’s financial performance over the course of the year.

The Fund’s Statement of Activities reflects earnings from its project loans (through interest income and origination fees), investment income from reserves held in interim investment accounts, and any grant income received to support the Fund’s operations.

The Fund’s lending capital is comprised of a \$10 million loan from the City of Santa Rosa, a \$10 million forgivable loan from the County of Sonoma, and a \$1 million loan from Enterprise Community Loan Fund, all represented as loans payable on the Fund’s Statement of Financial Position. The County’s loan, overtime, is forgiven in equal, annual installments of \$500,000 over the life of the loan, so long as the Fund abides by the covenants set forth in the loan agreement. To date, four annual installments of the County’s loan have been forgiven, resulting in a new loan balance of \$8 million. Lastly, in February 2025, the Fund received a \$1 million grant under the HCD Local Housing Trust Fund Program, which supported the Fund’s sixth project, Casa Roseland.

**FY 2025 Financial Highlights:** *Audited financial statements are included as Appendix 2 of this Report.*

<b>Financial Statements Summary (YTD)</b>	<b>Revenue</b>	\$2,521,008	<b>Assets</b>	\$23,926,058
	<b>Expenses</b>	\$369,386	<b>Liabilities</b>	\$19,012,529
	<b>Net Income</b>	\$1,083,137 <sup>4</sup>	<b>Net Assets</b>	\$4,913,529

<b>Lending Capital Commitments from Funders</b>	
Total Lending Capital Committed	\$22,000,000
Undrawn	\$0
<b>Total Lending Capital Received</b>	<b>\$22,000,000</b>

<sup>4</sup> Net Income includes a \$(1,068,485) net change in non-operating activities to reflect ending the discounting of loans payable and receivable.



## **COVENANT COMPLIANCE**

The Fund is required to adhere to certain covenants as detailed in its respective loan agreements. These covenants, as well as the Fund's compliance with each, are further detailed below based on the specific lender agreement.

### **County of Sonoma – Loan Agreement Covenants:**

- **Geographic Location:** Projects financed or otherwise assisted with Loan Proceeds must be consistent with RED Project Criteria.
- **Affordability Criteria:** On an aggregate basis over the term of the Loan, at least 25% of residential units in projects financed or otherwise assisted with Loan Proceeds must be affordable to households of low- or moderate-income.
- **Limitation on Short-Term Rental:** In the documentation for loans, credit enhancements, loan guarantees, and other financial assistance the Fund provides to projects supported with Loan Proceeds, the Fund shall include a requirement that for a period of 5 years following initial occupancy, the project may not provide short-term rentals. For the purpose of this requirement "short-term rental" means a stay of 30 days or less that is not subject to transient occupancy tax, or a substantially similar definition as set forth in the County's regulations.
- **Limitation on Soft Cost Financing:** On an aggregate basis over the term of the Loan, no more than 15% of Loan Proceeds may be used to pay for soft costs for any project that does not include Affordable Units.

*Covenant details shown on following page.*



Loan	Address	Geographic Location	Affordability Criteria <sup>5</sup>		Limitation on Short-Term Rental	Limitation on Soft Cost Financing	
		Does address fall within RED Project Criteria boundaries?	Total Units as of the close of the Reporting Period:	632	Does the Loan Agreement include a short-term rental requirement limiting the provision of short-term rentals within the Project for a period of 5 years following initial occupancy?	Loan Proceeds:	\$10,000,000
1	<b>Aviara</b> 1385 West College Ave. Santa Rosa, CA 95401	Yes	Number of Affordable Units:	135	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
2	<b>Acme</b> 1885 Sebastopol Road Santa Rosa, CA 95407	Yes	Number of Affordable Units:	76	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
3	<b>420 Mendocino</b> 420 Mendocino Ave Santa Rosa, CA, 95401	Yes	Number of Affordable Units:	0	Yes	Eligible Soft Costs Financed by Loan Proceeds:	\$973,219
4	<b>South Park Commons</b> 702 Bennett Valley Road, Santa Rosa, CA 95404	Yes	Number of Affordable Units:	61	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
5	<b>Casa Roseland</b> 583 West Ave, Santa Rosa, CA 95407	Yes	Number of Affordable Units:	74	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
6	<b>Pullman Lofts</b> 701 Wilson Street Santa Rosa, CA 95401 (Repaid 3/2025)	Yes	Number of Affordable Units:	0	Yes	Eligible Soft Costs Financed by Loan Proceeds:	\$194,549
				<b>Total Affordable Units:</b>	<b>346</b>	<b>Total Soft Costs Financed by Loan Proceeds:</b>	<b>\$1,167,768</b>
				<b>Percentage of Affordable Units:</b>	<b>55%</b>	<b>Percentage Supporting Soft Costs:</b>	<b>12%</b>

<sup>5</sup> Affordable Units are restricted units and do not include the 4 managers' units.



### **City of Santa Rosa – Loan Agreement Covenants:**

- **Geographic Location:** Projects financed or otherwise assisted with Loan Proceeds must be consistent with RED Project Criteria. Loan Proceeds are initially only eligible to fund projects located within the City’s geographic borders. Once a project has repaid its loan and capital is returned to the Fund, the Fund will be able to recycle the proceeds and support projects throughout Sonoma County, provided that the Fund must continue to provide financing to projects in Santa Rosa in proportion to the share of the Fund’s total available investable capital that is attributable to the City of Santa Rosa’s loan to the Fund.
- **Limitation on Soft Cost Financing:** For projects containing no Affordable Units (units affordable to households of low- or moderate-income as defined in the California Health & Safety Code or applicable law or federal regulation), no more than 15% of the Loan Proceeds used to fund that project may be used to fund soft costs for that project. For projects restricting at least 10% of the project as Affordable Units, no more than 25% of Loan Proceeds used to fund that project may be used to fund soft costs for that project.
- **Limitation on Short-term Rentals:** Any project funded by the Lender’s Loan Proceeds must include clear and express language in the project loan documents prohibiting short term rentals for the term of the project loan. Short Term Rentals shall mean a rental stay of 30 days or less.

*Covenant details shown on following page.*



Loan	Address	Geographic Location			Limitation on Short-Term Rental	Limitation on Soft Cost Financing			
		Does address fall within RED Project Criteria boundaries?	Share of Loan Proceeds/Total Investable Capital	45%	Does the Loan Agreement include clear and express language in the project loan documents prohibiting short term rentals for the term of the project loan?	Loan Proceeds:	\$10,000,000		
1	<b>Aviara</b> 1385 West College Ave. Santa Rosa, CA 95401	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	99%	Eligible Soft Costs Financed by Loan Proceeds:	25%
2	<b>Acme</b> 1885 Sebastopol Road Santa Rosa, CA 95407	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	99%	Eligible Soft Costs Financed by Loan Proceeds:	7%
3	<b>420 Mendocino</b> 420 Mendocino Ave Santa Rosa, CA, 95401	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	0%	Eligible Soft Costs Financed by Loan Proceeds:	14%
4	<b>South Park Commons</b> 702 Bennett Valley Road, Santa Rosa, CA 95404	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	98%	Eligible Soft Costs Financed by Loan Proceeds:	24%
5	<b>Casa Roseland</b> 583 West Ave, Santa Rosa, CA 95407	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	99%	Eligible Soft Costs Financed by Loan Proceeds:	3%
6	<b>Pullman Lofts</b> 701 Wilson Street Santa Rosa, CA 95401 <b>(Repaid 3/2025)</b>	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	0%	Eligible Soft Costs Financed by Loan Proceeds:	15%

**Projects Currently in Santa Rosa: 100%**



## APPENDIX 1: SUMMARY OF PORTFOLIO

### LOAN 1: Aviara



<b>Project Description:</b>	Aviara Apartments is an affordable housing project located in Santa Rosa. The Project consists of a mix of two and three-bedroom units and also incorporates approximately 1,900 square feet of interior community space for a computer lab, laundry facilities, and space for other residential programming (including after school support for children, and adult education and skill building classes).
<b>Project Type:</b>	Affordable
<b>Location</b>	1385 West College Avenue, Santa Rosa, CA 95401
<b>Sponsor / Borrower</b>	Borrower: MM Aviara, LP Borrower is a partnership entity between Pacific Southwest Development Corporation, the project's nonprofit partner, and McKellar McGowan Holdings, LLC, the project's developer.
<b>Total RHF Loan Amount</b>	\$2,400,000
<b>Outstanding Balance / Status</b>	\$2,400,000 / current (permanent term is interest-only for 36 months, then principal & interest payments based on 18-year amortization)
<b>Closing Date</b>	June 1, 2022
<b>Maturity Date</b>	June 1, 2040 (RHF's loan has an 18-year term)
<b>Units</b>	136 total units, incorporating 84 two-bedroom units, 52 three-bedroom units, and 1 manager's unit
<b>Households Serving</b>	Project provides affordable housing for families in Santa Rosa, including 14 units affordable to households at 30% AMI, 14 units affordable to households at 50% AMI, 57 units affordable to households at 60% AMI and 50 units affordable to households at 70% AMI. At closing, the 70% AMI units were contemplated as 60% AMI units given lack of IRS guidance on tax credit income averaging, which has since been updated by the IRS. Upon lease-up, the Borrower reinstated the 50 units at 70% AMI.



<b>Other Financing</b>	Primarily includes construction and permanent financing provided by the developer’s local bank and tax credit equity
<b>Risk Rating</b>	2 – PASS (loss provision of 5%)
<b>Interest Rate</b>	1.0%
<b>Project Update</b>	On March 19, 2025, the project converted to its permanent term.

**LOAN 2: Acme**



<b>Project Description:</b>	Acme Family Apartments, marketed as “Del Corazon Apartments,” is an affordable housing projected located in Santa Rosa. The Project consists of 77 one to three-bedroom units, maximizing options for families and larger unit sizes. The Project also features amenities such as a community space used for after-school programming and adult education classes, outdoor community spaces and a sports court.
<b>Project Type:</b>	Affordable
<b>Location</b>	1885 Sebastopol Road, Santa Rosa, CA 95407
<b>Sponsor / Borrower</b>	Borrower: Acme Family Apartments, LP Borrower is a partnership entity between an affiliate of Pacific Housing, Inc, the project’s nonprofit partner, the Project’s LIHTC investor, and an affiliate of the Project’s developer, Milestone Housing Group, LLC.
<b>Total RHF Loan Amount</b>	\$800,000
<b>Outstanding Balance / Status</b>	\$800,000 / current (permanent term is interest-only for 36 months, then principal & interest payments based on 14-year amortization)
<b>Closing Date</b>	October 1, 2022
<b>Maturity Date</b>	October 1, 2040 (RHF’s loan has an 18-year term)



<b>Units</b>	77 total units, incorporating 24 one-bedroom units, 25 two-bedroom units, 27 three-bedroom units, and 1 manager's unit
<b>Households Serving</b>	Project provides affordable housing for families in Santa Rosa, including 12% of units for households at 30% AMI, 17% for households at 40% AMI, 41% for households at 50%, and 30% of units for households at 60% AMI.
<b>Other Financing</b>	Primarily includes construction and permanent financing provided by two banks and tax credit equity
<b>Risk Rating</b>	2 – PASS (loss provision of 5%)
<b>Interest Rate</b>	1.0%
<b>Project Update</b>	On March 3, 2025, the project converted to its permanent term.

### LOAN 3: 420 Mendocino



<b>Project Description:</b>	The 420 Mendocino Avenue project, marketed as "Felix", is located in downtown Santa Rosa on three parcels totaling approximately 0.64 acres with frontage along Mendocino Avenue, 5th Street, and Riley Street. The Project is eight stories and contains 168 residential units and 2,285 net square feet of retail space, along with accessory amenities for the Project's residents including a ground floor coworking space and outdoor paseo, a fitness center, and an 8th floor sky lounge with both indoor and outdoor access, and 100 parking spaces.
<b>Project Type:</b>	Market
<b>Location</b>	420 Mendocino Ave, Santa Rosa, CA 95401
<b>Sponsor / Borrower</b>	Borrower: 5th and Mendocino Partners, LLC, a Delaware limited liability company with various members and managers as parties to the Sole Member. Related California is the Project's developer.
<b>Total RHF Loan Amount</b>	\$7,000,000
<b>Outstanding</b>	\$6,923,219 (\$76,781 in interest reserve remaining) / current



<b>Balance / Status</b>	
<b>Closing Date</b>	March 1, 2023
<b>Maturity Date</b>	March 20, 2027 (RHF's loan has a 48-month term)
<b>Units</b>	168 total units, incorporating 25 studios, 88 1-bedrooms, 55 2-bedrooms
<b>Households Serving</b>	The Project's 168 residential units are 100% market rate; 17 of the Project's 88 1-bedrooms are furnished rentals.
<b>Other Financing</b>	Primarily funded by issuance of Multifamily Housing Revenue Bonds with the potential for extension to permanent loan financing. Additionally, the project will receive significant equity from the Developer.
<b>Risk Rating</b>	2 – PASS (loss provision of 5%)
<b>Interest Rate</b>	Variable; and will be determined monthly. Interest rate will be the greater of 4.0%, or 3.25% above the floating rate of the bonds. For the month ended, December 31, 2025, the loan interest rate was 7.20%.
<b>Project Update</b>	As of December 2025, the Project was 45% leased up.

**LOAN 4: South Park Commons**



<b>Project Description:</b>	South Park Commons is located on an approximately 1.93-acre parcel at the corner of Bennett Valley Road and Rutledge Avenue in a neighborhood of mixed industrial, commercial, and residential properties. The Project is a 64,000 square-foot building containing 62 residential units, including a mix of studios, one-bedroom, two-bedroom, and three-bedroom units. 31 units are reserved for permanent supportive housing for households experiencing chronic homelessness, with the remaining units restricted for households up to 50% AMI. The project includes on-site amenities such as a community room, laundry room, property management office, social services office and approximately 24,000 feet of open space. There are two parking lots with 52 parking spaces. Abode Services will provide case management for formerly homeless residents as well as supportive services.
<b>Project Type:</b>	Affordable



<b>Location</b>	702 Bennett Valley Road, Santa Rosa, CA 95404
<b>Sponsor / Borrower</b>	Borrower: Bennett Valley Housing Partners, L.P., a California Limited Partnership. Freebird Development Company, LLC is the Project's developer.
<b>Total RHF Loan Amount</b>	\$4,000,000; paid down to \$1,956,470 at permanent conversion on November 21, 2025.
<b>Outstanding Balance / Status</b>	\$1,951,409 / current (principal & interest payments are being paid based on 35-year amortization)
<b>Closing Date</b>	April 18, 2023
<b>Maturity Date</b>	April 18, 2041 (RHF's loan has an 18-year term)
<b>Units</b>	62 total units, incorporating 19 studios, 19 1-bedroom, 12 2-bedroom, and 12 three-bedroom units
<b>Households Serving</b>	The Project's 62 residential units will be restricted for households between 15-50% AMI; 31 units will be reserved for permanent supportive housing for households experiencing chronic homelessness
<b>Other Financing</b>	30 of the PSH units are supported by Project-Based Section 8 rental assistance vouchers, provided by the City of Santa Rosa Housing Authority. During construction, the project was funded primarily with a Chase Bank construction loan, alongside tax credit equity and a construction-to-permanent loan from the City of Santa Rosa Housing Authority. At conversion, the project also received state-awarded funds.
<b>Risk Rating</b>	2 – PASS (loss provision of 5%)
<b>Interest Rate</b>	1%
<b>Project Update</b>	On November 21, 2025, the project converted to its permanent term and prepaid the loan down to \$1,956,470.



## LOAN 5: Casa Roseland



<b>Project Description:</b>	<p>Casa Roseland is part of the Roseland Village/Tierra de Rosa subdivision located along the north side of Sebastopol Road at the terminus of West Avenue in the Roseland neighborhood. Upon completion, the Roseland Village/Tierra de Rosas subdivision will include a one-acre public plaza and feature a civic building, recreational and commercial market hall, and both affordable and market rate housing.</p> <p>The Project will consist of 75 units in one five-story building for households between 30% - 60% of AMI. The building will feature on-site amenities such as a community room, learning center, teen room, bike storage, and laundry rooms, as well as outdoor green areas and parking areas reserved for residents.</p>
<b>Project Type:</b>	Affordable
<b>Location</b>	583 West Ave, Santa Rosa, CA 95407
<b>Sponsor / Borrower</b>	Borrower: MP Roseland Village Associates, L.P., a California Limited Partnership. MidPen Housing Corporation is the Project's developer.
<b>Total RHF Loan Amount</b>	\$4,200,000
<b>Outstanding Balance / Status</b>	\$4,094,639 / current
<b>Closing Date</b>	January 1, 2025
<b>Maturity Date</b>	February 1, 2043 (RHF's loan has an 18-year term)
<b>Units</b>	75 total units, incorporating 24 one-bedroom 31 two-bedroom (including one manager's unit), and 20 three-bedroom units
<b>Households Serving</b>	The Project's 74 residential units will be restricted for households between 30-60% AMI, with 24 units reserved for extremely low-income (ELI) residents (at or below 30% of AMI) and 50 units for low-income tenants at or below 50% of AMI
<b>Other Financing</b>	The project will be funded using a mix of tax credits equity and various residual receipt loans, as well as a senior construction loan from US bank which is being provided through the purchase of tax-exempt and taxable bonds.
<b>Risk Rating</b>	2 – PASS (loss provision of 5%)



<b>Interest Rate</b>	1.35%
<b>Project Update</b>	As of December 2025, the project construction was approximately 73% complete. Contingent upon no delays, construction completion is scheduled for Q3 2026.

**LOAN 6: Pullman Lofts (Repaid)**



<b>Project Description:</b>	Pullman Lofts marketed as “Pullman Modern Urban Apartments” consists of three buildings being built in two phases located at 701 Wilson Street in the historic Railroad Square neighborhood of Santa Rosa. The first two buildings consist of 70 units and were initially expected to complete construction in September 2022. The third building will consist of 44 units and was initially expected to complete construction in December 2023. The project will also incorporate amenities such as a dog park, pool area with fire pits and grills, a gym, and is located along the SMART rail line.
<b>Project Type:</b>	Market/Workforce
<b>Location</b>	701 Wilson Street, Santa Rosa, CA 95401
<b>Sponsor / Borrower</b>	Borrower: Pullman Lofts First Phase LLC The Borrower is owned by various investors. Phoenix Development Company of Minneapolis, LLC is the Project’s developer.
<b>Total RHF Loan Amount</b>	\$1,300,000
<b>Closing Date</b>	November 1, 2022
<b>Maturity Date</b>	June 01, 2025 (Extended 6 months from December 2024)
<b>Units</b>	114 total units, incorporating 77 one-bedroom units and 37 two-bedroom units
<b>Households Serving</b>	Market rate income levels, although a majority of the project’s one-bedroom units will be “affordable by design,” meaning they are smaller units at lower rent levels, ranging between 470-620 square feet. Two of these units will be deed restricted to households at or below 80% AMI.
<b>Other Financing</b>	Primarily includes construction and permanent financing from a bank and equity investments from a variety of investors, including the Project Sponsor.



<b>Risk Rating</b>	N/A - Loan was repaid in full in Q1 2025
<b>Interest Rate</b>	8.75%
<b>Project Update</b>	On March 14, 2025, the loan was repaid in full.



## **APPENDIX 2: FUND FINANCIAL DETAILS**

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*Fund financial details shown on following page.*



**Financial Statements with Report of Independent Auditors**

**December 31, 2025**

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## Report of Independent Auditors

To the Board of Directors of  
RED Housing Fund:

### Opinion

We have audited the accompanying financial statements of RED Housing Fund, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RED Housing Fund as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RED Housing Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RED Housing Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RED Housing Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RED Housing Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Novogradac & Company LLP*

San Francisco, California  
April 21, 2026

**RED HOUSING FUND**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 8,650,167
Accounts receivable - interest	48,813
Current maturities of program-related loan receivable	95,936
Total current assets	<u>8,794,916</u>
Noncurrent asset	
Program-related loan receivable, net	<u>15,131,142</u>
Total assets	<u>\$ 23,926,058</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 31,420
Current maturities of long-term loans payable	38,750
Total current liabilities	<u>70,170</u>
Noncurrent liability	
Long-term loans payable, net	<u>18,942,359</u>
Total liabilities	<u>19,012,529</u>
Net assets	
Without donor restrictions	<u>4,913,529</u>
Total liabilities and net assets	<u>\$ 23,926,058</u>

see accompanying notes

**RED HOUSING FUND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Program-related loan interest income and fees	\$ 648,728	\$ -	\$ 648,728
Government grant and loan forgiveness income	1,500,000	-	1,500,000
Investment interest income	339,081	-	339,081
Contributions and private grants	26,677	-	26,677
Other income	6,522	-	6,522
Net assets released from restrictions	5,033,515	(5,033,515)	-
Total revenue and other support	7,554,523	(5,033,515)	2,521,008
<b>EXPENDITURES</b>			
Program services	303,193	-	303,193
Administrative and support	66,193	-	66,193
Total expenditures	369,386	-	369,386
Change in net assets from operations	7,185,137	(5,033,515)	2,151,622
<b>NONOPERATING ACTIVITIES</b>			
Change in estimate related to program-related loan discount	3,965,030	-	3,965,030
Change in estimate related to long-term debt discount	(5,033,515)	-	(5,033,515)
Total nonoperating activities	(1,068,485)	-	(1,068,485)
CHANGE IN NET ASSETS	6,116,652	(5,033,515)	1,083,137
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	(1,203,123)	5,033,515	3,830,392
NET ASSETS AT END OF YEAR	\$ 4,913,529	\$ -	\$ 4,913,529

see accompanying notes

**RED HOUSING FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

EXPENDITURES	Program Services	Administrative and Support	Total
Outside services	\$ 184,000	\$ -	\$ 184,000
Management fees	87,500	-	87,500
Legal fees	27,877	3,344	31,221
Interest expense	21,708	-	21,708
Program expenses	3,404	-	3,404
Insurance	1,134	1,492	2,626
Advertising & public relations	-	2,500	2,500
Bank fees	-	255	255
Accounting fees	-	57,416	57,416
Office expense	-	967	967
Licenses and permits	-	219	219
Provision for (recovery of) credit losses	(22,430)	-	(22,430)
 Total expenditures	 <u>\$ 303,193</u>	 <u>\$ 66,193</u>	 <u>\$ 369,386</u>

see accompanying notes

**RED HOUSING FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 1,083,137
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for (recovery of) credit losses	(22,430)
Amortization of origination fees on program-related loan receivable	19,976
Change in estimate related to program-related loan discount	(3,965,030)
Loan forgiveness income	(500,000)
Amortization of debt issuance costs	2,750
Change in estimate related to long-term debt discount	5,033,515
(Increase) decrease in assets:	
Accounts receivable - interest	28,851
Prepaid expenses	27,685
Increase (decrease) in liability:	
Accounts payable	12,008
Net cash provided by operating activities	<u>1,720,462</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipts from program-related loan receivable	3,349,130
Disbursements on program-related loan receivable	<u>(4,612,169)</u>
Net cash used in investing activities	<u>(1,263,039)</u>
 Net change in cash and cash equivalents	 457,423
 Cash and cash equivalents at beginning of year	 <u>8,192,744</u>
 Cash and cash equivalents at end of year	 <u><u>\$ 8,650,167</u></u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>	
Cash paid during the year for interest	<u><u>\$ 18,958</u></u>

see accompanying notes

**RED HOUSING FUND**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

**Note A. Nature of the Organization**

RED Housing Fund (the “Organization”) is a not-for-profit organization that proposes building not just homes, but communities to support sustainable living in a rapidly changing world. The Organization offers flexible financing to support the development of housing across income levels by offering construction and permanent loans to developers in Sonoma County, California that have projects meeting the Organization’s criteria: located on an infill site, mid- to high-density development, residential or mixed-use residential, and situated within a transit-rich or planned area. The Organization has a shared vision with the City of Santa Rosa, California and the County of Sonoma to harness regional action to meet the community’s diverse housing needs and to protect the environment, support economic vitality, and improve the quality of life for all the region’s residents.

**Note B. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

*Net Assets*

Net assets, revenues and other support and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by the Organization.

*Net Assets Released from Restriction* – Net assets with donor restrictions are released to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

*Cash and Cash Equivalents*

Cash and cash equivalents include cash with financial institutions and highly liquid investments. The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**RED HOUSING FUND**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

**Note B. Summary of Significant Accounting Policies** (continued)

*Program-Related Loans Receivable and Allowance for Credit Losses*

The Organization has construction and term loan financing receivable agreements with borrowers for the purpose of funding the development of affordable and market-rate housing, secured by deeds of trust on land. Repayment terms differ for each loan.

Program-related loans receivable are carried at the principal amount outstanding, net of unamortized loan origination fees and costs, the allowance for credit losses, and any other basis adjustments required under GAAP. The Organization evaluates the contractual interest rates on loans receivable at origination to determine whether the loans are issued at market terms.

Based on management's assessment of prevailing market conditions and lending practices applicable to affordable housing financing, the Organization generally concludes that the contractual interest rates on its program-related loans receivable are consistent with market interest rates. Accordingly, loans receivable are not recorded at a discount.

At the origination of each loan, the Organization recognizes an allowance for expected credit losses. In addition, at each reporting date, this estimate is updated to reflect changes in credit risk since the program-related loan receivable was initially recorded.

The allowance for credit losses is estimated using a loan-risk profile approach. The Organization considers a combination of factors, including current economic conditions, loan-specific risk factors, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization.

Changes in the allowance for credit losses are recognized through a provision for (recovery of) credit losses in the statement of activities.

*Grants and Contributions*

Grants and contributions received and unconditional promises to give are measured at fair values and are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are fulfilled or expire within the same reporting period are reported as contributions without donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current year or is received with permanent donor restrictions. Conditional promises are not recognized until all conditions on which they depend are substantially met.

**RED HOUSING FUND**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

**Note B. Summary of Significant Accounting Policies** (continued)

*Program-Related Loan Interest Income*

Interest income on program-related loan receivable is recognized as earned in accordance with the loan terms. Net loan origination fees are deferred and amortized to program-related loan interest income using the effective interest method over the contractual life of the loans.

*Functional Allocation of Expenses*

The costs of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. These expenses are allocated on the basis of estimates of time and effort.

*Income Taxes*

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. No income tax provision has been recorded for the year ended December 31, 2025, as management determined that the Organization had no unrelated business income.

The Organization is subject to “Accounting for Uncertainty in Income Taxes” under Accounting Standards Codification (“ASC”) 740, Income Taxes. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the Organization’s tax returns and does not allow recognition of tax positions that do not meet a “more-likely-than-not” threshold of being sustained by the applicable tax authority. The Organization does not believe it has taken any tax positions that would not meet this threshold. The Organization’s policy is to reflect interest and penalties related to uncertain tax positions as part of income tax expense, when and if they become applicable. The Organization’s federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, federal income tax returns have a three-year statute of limitations, and state income tax returns have a four-year statute of limitations.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions based on management’s knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support, and expenses. Actual results could differ from those estimates.

*Reclassifications*

During 2025, the Organization reclassified interest receivable balances from program-related loans receivable to accounts receivable - interest to better reflect their nature. The reclassification had no impact on total assets or net assets.

**RED HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**Note B. Summary of Significant Accounting Policies (continued)**

*Change in Accounting Estimate*

During the year ended December 31, 2025, the Organization revised its estimate of the market terms used to evaluate whether certain program-related loans receivable and loans payable are below market and therefore subject to discounting. The Organization reassessed the relevant market participant assumptions and concluded that the contractual terms of the affected loans, including interest rates and other key economic characteristics, are consistent with prevailing practices in mission-aligned affordable housing financing. Accordingly, the Organization determined that, based on current information, amortized cost approximates fair value and that discounting is not necessary for these loans as of the current period. This change represents a change in accounting estimate and has been applied prospectively, with the impact reflected in the current year's statement of activities.

The effect of this change increased loans receivable by \$3,965,030 and increased loans payable by \$5,033,515 as of December 31, 2025. There was no adjustment to beginning net assets.

**Note C. Program-Related Loans Receivable**

Program-related loans receivable consists primarily of construction and construction-to-permanent loans made to developers of affordable housing projects and middle income/market housing projects. Affordable housing loans generally bear fixed interest rates ranging from approximately 1.0% to 1.35% and have combined construction and permanent terms of up to approximately 18 years. Middle income/market loans generally bear variable interest rates, which during 2025 ranged from approximately 7% to 8.75%, and are typically structured as shorter-term construction loans that are subordinate to senior financing and may, in certain circumstances, convert to permanent financing.

Loans are generally secured by deeds of trust on real property and may include interest-only periods during construction followed by amortizing repayment terms.

The program-related loans receivable consists of the following as of December 31, 2025:

Affordable housing construction-to-permanent loans	\$ 9,246,048
Middle income/market loans	6,923,219
Total loans receivable	<u>16,169,267</u>
Less loan loss reserve	(817,570)
Less loan origination fees, net	<u>(124,619)</u>
Program-related loans receivable, net	<u>\$ 15,227,078</u>

During the year ended December 31, 2025, \$22,024 of the loan origination fees were amortized to interest income.

**RED HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**Note C. Program-Related Loans Receivable** (continued)

*Allowance for Credit Losses*

Allowance for credit losses consists of the following activity for the year ended December 31, 2025:

Beginning balance	\$ 840,000
Provisions for credit losses	-
Loans charged off	-
Recoveries	(22,430)
Ending balance	<u>\$ 817,570</u>

**Note D. Long-Term Loans Payable**

Long-term loans payable consists of the following as of December 31, 2025:

Loan payable to a municipal corporation to provide financing to support housing development projects that are consistent with project criteria adopted by the Organization. The loan is noninterest-bearing and is payable in one lump-sum on October 29, 2041.	\$ 10,000,000
Loan payable to a municipal corporation to provide financing to support housing development projects that are consistent with project criteria adopted by the Organization. The loan is noninterest-bearing and is payable in one lump-sum on November 4, 2041. All or a portion of the loan may be forgiven in accordance with the loan requirements. The portion of the loan forgiven for the year ended December 31, 2025 amounted to \$500,000. Cumulatively, \$2,000,000 has been forgiven over the life of the loan.	8,000,000
Loan payable to a financial institution to originate construction and term loans for projects, with an interest rate of 2.50% per annum, accrued interest payable quarterly beginning January 1, 2023, until November 17, 2026, with principal and interest payable quarterly, and all outstanding principal and interest due on November 30, 2032.	1,000,000
<hr/> Total long-term loans payable	<hr/> 19,000,000
Less unamortized debt issuance costs	(18,891)
<hr/> Long-term loans payable, net	<hr/> \$ 18,981,109 <hr/>

During the year ended December 31, 2025, \$2,750 of debt issuance costs were amortized to interest expense.

**RED HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**Note D. Long-Term Loans Payable (continued)**

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,	
2026	\$ 38,750
2027	157,435
2028	161,408
2029	165,482
2030	169,658
Thereafter	18,307,267
Total	<u>\$ 19,000,000</u>

**Note E. Liquidity**

Financial assets are considered unavailable due to donor-imposed restrictions or the governing board has set aside funds for internal designations. Amounts available include donor-restricted amounts that will meet purpose restrictions within the next twelve months from the statement of financial position date.

As of December 31, 2025, a portion of the Organization’s cash is restricted for lending activities pursuant to agreements with municipal corporations and therefore may not be used for general operating expenditures. These restricted funds may only be used to originate program-related loans or remain on deposit.

The Organization operates with a balanced budget and anticipates covering its general expenditures with existing working capital and by maintaining and expanding existing program and relationships with funders who have provided donations without restrictions and are willing to provide multi-year grants. The Organization does not have any donor-imposed restrictions that affect liquidity as of December 31, 2025.

The following reflects the Organization’s financial assets available to meet general expenditures within one year as of December 31, 2025:

Financial assets at year-end:	
Cash and cash equivalents	\$ 8,650,167
Less financial assets unavailable for general expenditures within one year:	
Funds restricted for lending activities	<u>5,709,588</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,940,579</u>

**RED HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**Note F. Net Assets**

Net assets with donor restrictions represent amounts received or committed with donor restrictions, which have not yet been expended for their designated purpose (purpose-restricted) or amounts for general use in future periods (time-restricted). There were no net assets with donor restrictions as of December 31, 2025.

**Note G. Concentration of Credit Risk**

At various times during the year ended December 31, 2025, the Organization had deposit amounts at U.S. financial institutions in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit. The Organization has a sweep account that automatically transfers amounts that exceed a certain level into a higher interest-earning investment option at the close of each business day, which aids in maintaining balances below the FDIC limit. The Organization has not experienced any losses related to these balances and believes any related risk to be minimal.

The Organization’s operations include program-related loans receivable made to a limited number of borrowers engaged in housing development. These borrowers are located primarily in Sonoma County, California. Accordingly, the Organization’s future operations could be affected by changes in economic or other conditions that impact the housing development industry in this region.

**Note H. Subsequent Events**

The Organization has evaluated subsequent events through April 21, 2026, the date on which the financial statements were available to be issued, and there are no subsequent events requiring disclosure.