

File No. 240730

Committee Item No. 8

Board Item No. 41

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date July 10, 2024

Board of Supervisors Meeting Date July 16, 2024

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
- Draft San Francisco Housing Accelerator Fund Loan Agreement
 - Draft Amended and Restated Loan Agreement
 - Draft Amended and Restated Promissory Note
 - Draft Amended and Restated Declaration of Restrictions
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Loan Agreement 10/30/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Secured Promissory Note General Funds 10/30/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Promissory Note - Granada 11/13/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Standard Agreement 11/9/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded Consent & Reaffirmation Subordination 2/9/2022</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded Declaration of Restrictions 11/13/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded SFHAF Deed of Trust 11/13/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded MOHCD Deed of Trust 11/13/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN General Plan Referral 5/15/2024</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 7/10/2024</u> |
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Completed by: Brent Jalipa Date July 5, 2024

Completed by: Brent Jalipa Date July 11, 2024

1 [Loan Agreement - 1000 Sutter LLC - 1000 Sutter Street - 100% Permanent Supportive
2 Housing - Loan Not to Exceed \$71,125,575]

3 **Resolution 1) approving and authorizing a Loan Purchase Agreement for the purchase**
4 **of an existing loan in an amount of \$63,191,071 for a purchase price not to exceed**
5 **\$48,000,000 from the San Francisco Housing Accelerator Fund (“SFHAF Loan”) related**
6 **to the rehabilitation of a 214-unit single-room occupancy residential building for**
7 **permanent supportive housing to homeless households, with two managers units,**
8 **located at 1000 Sutter Street (the “Project”); 2) authorizing the assumption of**
9 **obligations under the SFHAF Loan to disburse an amount not to exceed \$17,000,000 for**
10 **rehabilitation of the Project; 3) approving and authorizing an Amended and Restated**
11 **Loan Agreement with 1000 Sutter LLC (“Borrower”) in an amount not to exceed**
12 **\$71,125,575 for a minimum loan term of 55 years (“City Loan Agreement”) to**
13 **consolidate the SFHAF Loan with a prior loan from the City to Borrower after**
14 **completion of the rehabilitation and provide permanent financing for the Project; 4)**
15 **adopting findings that the Project and proposed transactions are consistent with the**
16 **General Plan, and the eight priority policies of Planning Code, Section 101.1; 5)**
17 **authorizing the Mayor and the Director of Mayor’s Office of Housing and Community**
18 **Development (“MOHCD”) to execute the Loan Purchase Agreement and the City Loan**
19 **Agreement, and make certain modifications to such agreements, as defined herein, and**
20 **take certain actions in furtherance of this Resolution, as defined herein; and 6)**
21 **authorizing the Director of MOHCD to enter into any additions, amendments, or other**
22 **modifications to the Loan Agreement that do not materially increase the obligations or**
23 **liabilities to the City and are necessary to effectuate the purposes of this Resolution.**

1 WHEREAS, The mission of the Department of Homelessness and Supportive Housing
2 (“HSH”) is to prevent homelessness when possible and to make homelessness a rare, brief,
3 and one-time experience in San Francisco through the provision of coordinated,
4 compassionate, and high-quality services; and

5 WHEREAS, Permanent supportive housing (“PSH”) is the most effective evidence-
6 based solution to ending chronic homelessness and also prevents new incidents of
7 homelessness among highly vulnerable people with long experiences of homelessness; and

8 WHEREAS, As of June 2024, the City and County of San Francisco (“the City”) has
9 approximately 9,000 units of site-based PSH providing permanent homes and services to
10 people formerly experiencing homelessness; and

11 WHEREAS, In April 2023, the City released the five-year strategic plan, “Home by the
12 Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco,” which calls
13 for 3,250 new units of permanent housing to meet the goals set out in the plan; and

14 WHEREAS, Additional PSH furthers the City’s commitment to dismantle systematic
15 racial inequities that disproportionately affect communities of color; and

16 WHEREAS, The California Department of Housing and Community Development
17 (“HCD”) began accepting applications for the Homekey Program on July 22, 2020, and within
18 a year, created 6,000 affordable housing units in record time and at a fraction of the cost; and

19 WHEREAS, The City, acting through HSH, together with Episcopal Community
20 Services (“ECS”), a nonprofit California public benefit corporation, as its co-applicant, was
21 issued an initial award not to exceed \$45,000,000 in Homekey funds from HCD in August
22 2020 to purchase a single room occupancy (“SRO”) hotel known as Granada Hotel at 1000
23 Sutter Street (Assessor’s Parcel Block No. 0279, Lot No. 005; the “Property”) for use as
24 permanent supportive housing for formerly homeless adults; and

1 WHEREAS, On October 6, 2020, the Board of Supervisors adopted Resolution No.
2 445-20 that authorized the Director of HSH, in consultation with the City Attorney, to enter into
3 and execute a Standard Agreement with HCD and ECS, and affirmed the Planning
4 Department’s determination that actions contemplated by this Resolution are not subject to or
5 are exempt from environmental review under CEQA, a copy of which is on file with the Clerk
6 of the Board of Supervisors in File No. 201063 and are incorporated herein by reference; and

7 WHEREAS, HCD notified HSH that it was increasing the grant award for the Granada
8 Hotel to reflect additional funding for both acquisition and operations of the site; and

9 WHEREAS, On December 8, 2020, the Board of Supervisors adopted Resolution No.
10 554-20 that authorized HSH to execute a revised Standard Agreement No. 20-HK-00024 with
11 HCD and ECS for a Homekey grant award not to exceed \$49,000,000, a copy of which is on
12 file with the Clerk of the Board of Supervisors in File No. 201268; and

13 WHEREAS, The Homekey Program required a local match from the City, which it
14 committed to in an amount of approximately \$31,700,000 for permanent financing of the
15 Property to be provided to ECS under one or more future agreements with the City, which was
16 granted through Resolution 554-20; and

17 WHEREAS, ECS established 1000 Sutter LLC, a California limited liability company
18 (the “Borrower”), as a separate entity under which to own and rehabilitate the Property; and

19 WHEREAS, The Borrower is rehabilitating the Property into a 214-unit single-room
20 occupancy residential building consisting of 212 units of PSH for adults experiencing chronic
21 formerly homeless households, and two manager units, (the “Project”); and

22 WHEREAS, The San Francisco Housing Accelerator Fund (“SFHAF”) is a nonprofit
23 organization that provides loans to nonprofit housing organizations for the purpose of
24 preserving, expanding, and accelerating the production of quality affordable housing; and

25

1 WHEREAS, The Borrower obtained from SFHAF a loan in the amount of \$63,191,071
2 (“SFHAF Loan”) to finance the rehabilitation of the Project, as evidenced by a Loan
3 Agreement dated November 13, 2020, a Promissory Note dated November 13, 2020, and
4 Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing dated
5 November 13, 2020 (collectively, the “SFHAF Loan Documents”), copies of which are on file
6 with the Clerk of the Board of Supervisors in File No. 240730, and is incorporated herein by
7 reference; and

8 WHEREAS, The Borrower has an outstanding balance of approximately \$39,450,000
9 as of May 2024, under the SFHAF Loan and anticipates completing the rehabilitation by May
10 2025; and

11 WHEREAS, The City, acting through the Mayor’s Office of Housing and Community
12 Development (“MOHCD”), administers a variety of housing programs that provide financing for
13 the development of new affordable housing and the rehabilitation of single- and multi-family
14 housing for low- and moderate-income households and resources for homeowners in San
15 Francisco; and

16 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
17 and operators; administers loan agreements; reviews annual audits and monitoring reports;
18 monitors compliance with affordable housing requirements in accordance with capital funding
19 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

20 WHEREAS, The City, acting through MOHCD, and Borrower entered into that certain
21 Loan Agreement dated as of October 30, 2020, in which City made a loan of \$10,000,000
22 (“Original Loan”) to fund certain costs related to the Property; a copy of the Loan Agreement
23 and related documents are on file with the Clerk of the Board of Supervisors in File
24 No. 240730, and is incorporated herein by reference; and

1 WHEREAS, The Borrower and SFHAF have requested that the City purchase the
2 SFHAF Loan for the purpose of reducing interest carry costs of the Project, which will also
3 allow SFHAF to make new loans to other nonprofit housing organizations in the City; and

4 WHEREAS, On April 19, 2024, the Citywide Affordable Housing Loan Committee,
5 consisting of MOHCD, HSH, the Office of Community Investment and Infrastructure, and the
6 Controller’s Office of Public Finance recommended to the Mayor that the City purchase the
7 SFHAF Loan to reduce the interest carry costs to the Project, and after completion of
8 rehabilitation of the Project, consolidate and recast the SFHAF Loan and Original Loan under
9 a single loan to the Borrower for permanent financing of the Project in an amount not to
10 exceed \$71,125,575 in local funds (the “Loan”); and

11 WHEREAS, The City will purchase the SFHAF Loan from SFHAF in an amount not to
12 exceed \$48,000,000 under a Loan Purchase Agreement, and a copy of the substantially final
13 forms of the Loan Purchase Agreement, assignment of loan secured by deed of trust, and
14 allonge is on file with the Clerk of the Board of Supervisors in File No. 240730, and is
15 incorporated herein by reference; and

16 WHEREAS, Pursuant to the terms of the SFHAF Loan Documents, the City, acting
17 through MOHCD, will be obligated to disburse up to \$17,000,000 to the Borrower for
18 completion of rehabilitation of the Project; and

19 WHEREAS, The City, through MOHCD, will consolidate and recast the SFHAF Loan
20 and Original Loan to the Borrower under an Amended and Restated Loan Agreement (“Loan
21 Agreement”) and evidenced by a promissory note with the following material terms: (i) a
22 minimum term of 55 years; (ii) an interest rate of zero percent (0%); (iii) annual repayment of
23 the Loan by Borrower through residual receipts, if any, from the Project; (iv) the Project shall
24 be restricted for life of the Project as affordable housing to low-income households with
25 annual maximum rent and income established by MOHCD, but no less than 55 years as PSH;

1 and (v) the Loan Agreement shall be secured by a deed of trust recorded against the
2 Borrower's fee interest in the Property; a copy of the substantially final forms of the Loan
3 Agreement, promissory note, deed of trust, and declaration of restrictions is on file with the
4 Clerk of the Board of Supervisors in File No. 240730, and is incorporated herein by reference;
5 and

6 WHEREAS, As a condition of the Loan, the Borrower will enter into a purchase option
7 agreement under terms and conditions to have been reviewed in consultation with the Office
8 of the City Attorney, providing the City with an option and right of first refusal to acquire the
9 Property upon any proposed transfer of the Property and/or other certain events; and

10 WHEREAS, The Planning Department determined that the Project is consistent with
11 the General Plan, and eight priority policies of Planning Code, Section 101.1 (the "General
12 Plan Referral"); a copy of the Planning Department's General Plan Referral dated May 15,
13 2024 ("General Plan Referral"), is on file with the Clerk of the Board of Supervisors in File
14 No. 240730, and is incorporated herein by reference; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
16 associated actions necessary to effectuate the Project) is consistent with the General Plan,
17 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
18 set forth in the General Plan Referral, and hereby incorporates such findings by reference as
19 though fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
21 Purchase Agreement and the transaction contemplated thereby in substantially the form
22 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute
23 and deliver the Loan Purchase Agreement and any such other documents that are necessary
24 or advisable to complete the transaction contemplated by the Loan Purchase Agreement and
25 to effectuate the purpose and intent of this Resolution; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes MOHCD to
2 assume the obligations under the SFHAF Loan Documents, including, but not limited to, the
3 disbursement of an amount not to exceed \$17,000,000 to the Borrower for the completion of
4 the rehabilitation of the Project; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
6 Agreement and the transaction contemplated thereby in substantially the form presented to
7 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
8 Loan Agreement and any such other documents that are necessary or advisable to complete
9 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
10 of this Resolution; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
12 MOHCD, in consultation with the City Attorney, to enter into any additions, amendments, or
13 other modifications to the Loan Purchase Agreement and/or the Loan Agreement, and any
14 other documents or instruments necessary in connection therewith (including, without
15 limitation, a purchase option and any of all of the exhibits and ancillary agreements), that the
16 Director of MOHCD determine are in the best interests of the City, do not materially decrease
17 the benefits to the City with respect to the Property, do not materially increase the obligations
18 or liabilities of the City, and are necessary or advisable to complete the transaction
19 contemplated in the Loan Purchase Agreement or the Loan Agreement, and that effectuate
20 the purpose and intent of this Resolution, such determination to be conclusively evidenced by
21 the execution and delivery by the Director of MOHCD of any such additions, amendments, or
22 other modifications; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
24 delegates to the Director of MOHCD and/or the Director of Property, the authority to
25 undertake any actions necessary to protect the City's financial security in the Property and

1 enforce the affordable housing restrictions, which may include, without limitation, acquisition
2 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
3 foreclosure, or curing the default under a senior loan; and, be it

4 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
5 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
6 and, be it

7 FURTHER RESOLVED, That within thirty (30) days of the Loan Purchase Agreement
8 and the Loan Agreement each being fully executed by all parties, MOHCD shall provide each
9 final agreement to the Clerk of the Board for inclusion into the official file.

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RECOMMENDED:

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/s/ _____
Daniel Adams
Director
Mayor's Office of Housing and Community Development

/s/ _____
Shireen McSpadden
Executive Director
Homelessness and Supportive Housing

<p>Item 8 File 24-0730</p>	<p>Department: Mayor’s Office of Housing and Community Development, Homelessness & Supportive Housing</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve an amended and restated loan of \$71,125,575 to 1000 Sutter LLC (an affiliate of Episcopal Community Services) to provide permanent financing for the supportive housing project at 1000 Sutter Street. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Hotel Granada, located at 1000 Sutter Street, was acquired by Episcopal Community Services in 2020 for \$46 million, using Homekey grant funds, a \$10 million loan from MOHCD, and interim financing from the San Francisco Housing Accelerator Fund (HAF), to be repaid with permanent financing from the City. The site has 214 single room occupancy units. • When the Board approved the Homekey funding in 2020, the rehabilitation work was estimated to cost \$28 million and be complete by the end of CY 2021, with interim financing provided by the HAF. Rehabilitation work is now estimated at \$66 million and expected to be complete in late 2024 or early 2025. Although construction is ongoing, MOHCD is proposing to pay off the HAF loan to (a) reduce interest costs for interim financing and (b) allow the HAF to increase lending to other housing projects. • The primary driver of the increase in City funding is for new flooring, structural improvements, remediating dry rot, and replacing/upgrading building systems, the needs for which were identified after the purchase of the site. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost to acquire and rehabilitate 1000 Sutter increased from \$74 million estimated in 2020 to \$113.5 million. Costs are offset by the \$42.3 million Homekey grant. The proposed loan is funded by the General Fund (\$10 million) and Proposition C Homelessness Gross Receipts funding (\$61.1 million). <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • Total costs for acquisition and rehabilitation are \$39.4 million greater than what was estimated in November 2020, which could have been used to construct, acquire, or rehabilitate an estimated 40-160 permanent supportive housing units. The extensive rehabilitation work has delayed full lease of the site by at least three years. • The City would benefit from a uniform and enhanced due diligence process for property transactions, including consistent parameters for property inspections, space planning, and capital need cost estimation. Additional funding should be considered so that the in-house expertise of Public Works and Building Inspection, as well as any necessary consultants, can be made available within the short timeframes required for property transactions. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Because rejecting this resolution would imperil housing of current residents at 1000 Sutter, we recommend approval of the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

1000 Sutter

2020 Acquisition

Hotel Granada, located at 1000 Sutter Street, was one of the City’s first Homekey projects.¹ The City and co-applicant, Episcopal Community Services (ECS), received an award of \$49 million in Homekey funds to acquire the property (\$42.3 million) and provide an operating subsidy (\$5.6 million) for its use as supportive housing. In November 2020, the Board of Supervisors approved a Standard Agreement with the California Department of Housing and Community Development (HCD) for the Homekey grant and approved \$33,000,000 in matching City funds to acquire and subsidize operations for five years (File 20-1268). In November 2020, ECS acquired Hotel Granada for \$46 million, using Homekey grant funds, a \$10 million MOHCD loan of General Funds administered by HSH, and interim financing from the San Francisco Housing Accelerator Fund (HAF), to be repaid with permanent financing from the City.²

Building Description

1000 Sutter includes 214 single room occupancy units, 212 of which will ultimately be used as permanent supportive housing for adults. When the site was acquired in 2020, 80 of the units were occupied and the City believed that building had 232 units. After acquisition, the City determined that the building had 214 units and required additional rehabilitation work to ensure compliance with building code requirements and habitability standards.

The building does not have any commercial space but rehabilitation work will ultimately result in a new community spaces, including a communal dining area, and offices for service providers and property management.

¹ Project Homekey was a State program that competitively awarded funding for localities to expand supportive housing.

² The HAF is a non-profit organization that provides bridge financing for preservation projects after MOHCD provides a soft commitment letter indicating that the City intends to repay the bridge loan .

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

1. approve a not-to-exceed \$71,125,575 amended and restated loan agreement for a term of 55 years between the City and 1000 Sutter LLC (an affiliate of Episcopal Community Services) to provide permanent financing for permanent supportive housing;
2. approve a loan purchase agreement of \$63,191,071 for the City to purchase a loan made by the Housing Accelerator Fund to 1000 Sutter LLC
3. find that the loan is consistent with the City's General Plan and policy priorities in the Planning Code;
4. authorize the Mayor and the Director of MOHCD to execute the Loan Agreement; and
5. authorize the Director of MOHCD to amend the Loan Agreement provided amendments do not increase the obligations or liabilities to the City.

Rehabilitation and Conversion to Permanent Financing

When the Board approved the Homekey funding in 2020, the rehabilitation work was estimated to cost \$28 million and be complete by the end of CY 2021, with interim financing provided by the Housing Accelerator Fund. Rehabilitation work is now estimated at \$66 million and expected to be complete in late 2024 or early 2025. Although construction is ongoing, MOHCD is proposing to pay off the HAF loan to (a) reduce interest costs for interim financing, saving approximately \$800,000 and (b) allow the HAF to increase lending to other housing projects.

The HAF's initial 2020 loan for acquisition and rehabilitation was \$23,173,041. HSH and MOHCD have since committed to increase HAF loan by \$40,018,303 to up to \$63,191,071 to address unexpected rehabilitation needs.

The scope of the ongoing rehabilitation includes:

- upgrading fixtures residential units and common areas
- replacing flooring in basement, first floor, and common areas
- seismic improvements to comply with building code requirements
- remediating dry rot and installing new building frames
- upgrading electrical, heating, and plumbing system to comply with building code requirements and address water leaks within the building

The need for new flooring, structural improvements, remediating dry rot, and replacing/upgrading building systems were all identified after the purchase of the site.

Loan Agreement

Under the proposed loan agreement, the total loan amount to 1000 Sutter LLC would be up to \$71,125,575. 1000 Sutter LLC must repay the zero-interest loan by the 55th anniversary date of the deed of trust. The loan can be repaid by residual project income, if any.

The Standard Agreement with HCD for the Homekey award requires ongoing affordability of the project for at least 55 years. Affordability restrictions to preserve the affordability of the housing units in the proposed development are included in the loan agreement between the City and the permanent supportive housing operator and in a declaration of restrictions. These agreements specify the affordability levels for each unit and require the operator to maintain these for the duration of the agreements unless agreed to by the City.

MOHCD is underwriting the project and will be responsible for asset monitoring because the site is owned by a non-profit, and HSH only manages sites that it owns.

Option to Purchase

MOHCD does not require City ownership for affordable housing preservation projects because non-profit developers often must move quickly to purchase buildings in the private market. Instead MOHCD places long-term affordability restrictions on the property, and for some projects has agreed to purchase options with the non-profit to provide the City with the right of first refusal in the event the property should be sold at a future date. The City and ECS have agreed to a purchase option agreement for 1000 Sutter, providing the City with an option and right of first refusal to acquire the property upon any proposed transfer. The purchase option agreement is final and ready for signature.

If ECS could no longer operate the site and the City were to exercise its option to purchase, the City would have to pay fair market value of the property. The City would receive credit for any outstanding balance of the MOHCD loan as part of the negotiation with the seller on the price. MOHCD staff report that the appraised value of a property with affordability restrictions is normally less than the principal amount of the MOHCD loan. City purchase of the property would require approval by the Board of Supervisors.

FISCAL IMPACT

Total Development Costs

The total acquisition and rehabilitation cost for the 214 units of housing is \$113.5 million, as shown in Exhibit 1 below. Of the \$113.5 million, \$71.1 million (63%) are City funds and \$42.3 million (37%) are State funds from the Homekey Grant. The proposed City loan is funded by Proposition C Homelessness Gross Receipts Tax Revenues (\$63.1 million) and the General Fund (\$10 million).

Exhibit 1: Total Development Sources and Uses of Funds

	Nov 2020	July 2024	
Financing Sources	File 20-1268	File 24-0730	Change
Homekey Grant	42,344,020	42,344,020	0
City Loan	31,678,041	71,125,575	39,447,534
Total Sources	74,022,061	113,469,595	39,447,534
Financing Uses			
Acquisition	46,000,000	47,461,813	1,461,813
Construction	18,717,610	53,651,042	34,933,432
Soft Costs	4,252,157	10,318,401	6,066,244
Reserves	2,000,000	1,028,339	(971,661)
Developer Fees	1,500,000	1,000,000	(500,000)
Contingency	1,552,294	0	(1,552,294)
Total Uses	74,022,061	113,459,595	39,437,534

Source: HSH and MOHCD

Note: The amounts for the City Loan include interim financing provided by the Housing Accelerator Fund. MOHCD provided an acquisition loan of up to \$10 million in October 2020 which is now being proposed to increase to \$71,125,575 to pay down interim financing and complete rehabilitation work.

As shown above, the total cost to acquire and rehabilitate 1000 Sutter increased from \$74 million at the time the Board of Supervisors approved the Homekey grant in 2020 to \$113.5 million. The primary driver of the increase is the additional construction and soft costs for rehabilitation work described above. Acquisition costs increased by \$1.5 million in the project budget to account for transfer taxes and legal fees, offset by reduced budgets for project reserves, developer fees, and development contingencies.

Unit Costs

Total development costs are \$113.5 million or \$530,185 per unit. The City's total subsidy for the housing development costs is \$71.1 million, or \$332,363 per unit, as shown in Exhibit 2 below.

Exhibit 2: Costs Per Unit and Per Square Foot

Number of Units	214
Total residential area (sq. ft.)	68,540
Development Cost	\$113,459,595
Total City subsidy	\$71,125,575
Development cost per unit	\$530,185
Development cost per sq. ft.	\$1,655
City Subsidy per unit	\$332,363
City Subsidy per sq. ft.	\$961

Source: MOHCD

Total development costs of \$530,185 are higher than the \$408,67 per unit originally anticipated. However, the City funding per unit (\$332,363) is within the range of MOHCD's Small Sites Preservation program guidelines, which recommends funding of \$275,000 to \$390,000 per unit,

depending on whether the units have bathrooms and how well the project scores on the Small Site criteria for household demographics and location.

Operating Revenues and Expenses

Project revenues consist of tenant rents and rental subsidies from the City's Local Operating Subsidy (LOSP) program, which is sized to cover operating expenses, net of tenant rents. The project does not have any debt to repay, aside from the proposed City loan. However, the project is not expected to generate net income to make payments on the City loan.

POLICY CONSIDERATION

\$39.4 Million Increase in City Subsidy

Total costs for acquisition and rehabilitation are \$39.4 million greater than what was estimated in November 2020 when the Board of Supervisors approved the Standard Agreement for Homekey funding. The \$39.4 million could have been used to construct, acquire, or rehabilitate an estimated 40-160 permanent supportive housing units. The extensive rehabilitation work has delayed full lease by at least three years.

The proposed increase in City funding is pay for rehabilitation work that was not originally anticipated. There was minimal due diligence prior to acquisition to meet the short timeline of the acquisition under Homekey, as discussed below. In particular, the City did not complete a full assessment of capital needs for the site until after it had been acquired.

We recommend approval because the rehabilitation work is ongoing and interest is accruing to the HAF loan. Failure to approve the proposed loan would put the property at risk of foreclosure and put the housing of residents in jeopardy.

Due Diligence for Property Transactions

According to MOHCD staff, the project had less due diligence than what is typical for City funded affordable housing projects due to the short timeline of the acquisition under Homekey.³ Public Works could not assist with the due diligence within Homekey deadlines.

To improve the due diligence process, in February 2022, HSH entered into a contract with the San Francisco Housing Accelerator Fund to provide affordable housing consultants with experience in overseeing occupied residential rehabilitations and the City's multi-unit residential housing to conduct due diligence on all acquisitions.

In addition to MOHCD, HSH and DPH lease and own buildings for residential services. Based on a preliminary review of leasing and acquisition transactions, all three departments have different approaches to due diligence. Given the \$300 million general obligation bond for affordable housing approved by voters in March 2024 and the pending request to voters for \$50 million in

³ The 2020 Homekey Round 1 Notice of Funding Availability was issued on July 16, 2020 and accepted applications on a rolling basis. The expenditure deadline was December 30, 2020.

general obligation bonds proceeds for homeless shelters, we believe the City would benefit from a uniform and enhanced due diligence process for property transactions. There do not appear to be consistent parameters on property inspection scope, including on building code compliance, mechanical/electrical/plumbing systems, structural and seismic assessments, hazardous materials, space planning, and capital need cost estimation. Additional funding should be considered so that the in-house expertise of Public Works and Building Inspection, as well as any necessary consultants, can be made available within the short timeframes required for property transactions.

Use of Interim Financing for Rehabilitation

Because the process of purchasing a building needs to move quickly due to market conditions, many affordable housing preservation projects utilize interim private financing to close on a project before permanent City funding is available. The Housing Accelerator Fund is the most common lender for City acquisition and preservation projects and provides bridge financing to this and other preservation projects. This model assisted with meeting the deadlines of the Homekey grant. The City repays interim loans typically after rehabilitation work has been completed. If the loan exceeds \$10 million, the City’s permanent loan must be approved by the Affordable Housing Loan Committee and the Board of Supervisors.⁴

MOHCD’s commitment to repay the initial and amended HAF loans did not require Board of Supervisors’ approval because doing so was conditioned on project completion. Historically, the HAF has assisted mostly with acquisitions of small sites, often with loans that fall below the \$10 million threshold for Board of Supervisors’ approval. However, the City is now funding preservation projects for larger sites that cost more.

Private interim financing has benefits and costs. This project has incurred \$2.4 million in interest costs on the HAF loan. However, because the construction work has not been funded by the City, it has not been subject to City procurement regulations that add to project costs, according to MOHCD staff.

The Board of Supervisors could consider amending Chapter 120 of the Administrative Code to place limits on commitments to repay bridge financing prior to Board of Supervisors’ approval, such as specifying that soft commitments of City funding in excess of a certain threshold require Board of Supervisors’ approval and/or that interim financing may be used to fund acquisition and predevelopment for larger preservation projects, but not for rehabilitation, to provide for review by the Board of Supervisors earlier in the process and ensure that rehabilitation adheres to City procurement processes for larger projects.

RECOMMENDATION

Approve the proposed resolution.

⁴ Chapter 120 of the City’s Administrative Code delegates the authority to approve loans and grants that do not exceed \$10 million for multifamily housing development and acquisition programs to the MOHCD Director.

LOAN AGREEMENT

By and Between

THE SAN FRANCISCO HOUSING ACCELERATOR FUND

and

1000 Sutter LLC

For

THE GRANADA HOTEL

November 13, 2020

LOAN AGREEMENT
(The Granada – 1000 Sutter Street)

THIS LOAN AGREEMENT (the “Agreement” or “Loan Agreement”), is entered into as of November 13, 2020 (the “Effective Date”), by and between THE SAN FRANCISCO HOUSING ACCELERATOR FUND, a California nonprofit public benefit corporation (the “Lender”) and 1000 SUTTER LLC, a California limited liability company (the “Borrower”).

RECITALS

A. EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO, the Borrower’s sponsor (“Sponsor”), is a California nonprofit public benefit corporation, and is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Sponsor is also the “Guarantor.” The sole member and manager of Borrower is ECS HOUSING CORPORATION, a California nonprofit public benefit corporation (the “Sole Member”).

B. Sponsor’s and Sole Member’s charitable purpose include, among other things, the development and preservation of affordable housing.

C. In furtherance of Sponsor’s and Sole Member’s charitable purposes, Borrower is acquiring that certain real property located at 1000 Sutter Street in the City and County of San Francisco, California (the “Property”), as more particularly described in Exhibit A attached hereto. The Property consists of a 10-story residential hotel with 225 to 232 units (the “Improvements”). The Property and the Improvements will be referred to collectively in this Agreement as the “Development”. Upon the acquisition of the Property, Borrower intends to rehabilitate the Development.

D. Subject to the terms and conditions set forth in this Agreement, Lender desires to lend to Borrower, and Borrower desires to accept from Lender, a loan (the “Loan”) in the amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00) to be utilized by the Borrower for the rehabilitation of the Property and the Improvements.

E. The Loan is evidenced by this Agreement and the Note and is secured by the Deed of Trust (each as defined in Article 1 of this Agreement).

NOW, THEREFORE, in consideration of the recitals hereof and the mutual promises and covenants set forth in this Agreement, the Lender and Borrower agree as follows:

AGREEMENT

The foregoing recitals are hereby incorporated by reference and made part of this Agreement.

ARTICLE 1.
DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided.

(a) “Acquisition” shall mean the acquisition of the Property by the Borrower and the costs of such acquisition, including, but not limited to, closing costs, as approved by the Lender.

(b) “Agreement” shall mean this Loan Agreement.

(c) [Intentionally Omitted.]

(d) “Approved Budget” shall mean the pro forma budget for the Acquisition and the Rehabilitation, including sources and uses of funds, as approved by the Lender. The Approved Budget is attached as Exhibit D.

(e) “Assignment Agreement” shall mean the Assignment of Agreements, Plans and Specifications, and Approvals, dated as of the Effective Date, from Borrower to Lender.

(f) “Borrower” shall mean 1000 SUTTER LLC, a California limited liability company, and any permitted successor or assign.

(g) “Borrower Equity” shall have the meaning set forth in Section 2.2.

(h) “Business Day” shall mean a day that is not a Saturday, Sunday, or other day on which banks are authorized to be closed by the State of California.

(i) “Certificate of Occupancy” means a temporary or final (as applicable) certificate of occupancy for the Development, or equivalent document, issued by the San Francisco Department of Building Inspection, or such other evidence reasonably acceptable to the Lender signifying full completion of the Rehabilitation.

(j) “Close of Escrow” shall mean the date the Borrower acquires title to the Property and the Deed of Trust is recorded against the Property pursuant to the terms of this Agreement.

(k) “Collateral” shall mean (i) all real and personal property subject to the lien of the Deed of Trust and (ii) any other property or assets of Borrower now or in the future securing the Loan.

(l) “Completion Guaranty” shall have the meaning set forth in Section 2.16.

(m) “Deed of Trust” shall mean the deed of trust that will encumber the Property to secure repayment of the Loan. The form of the Deed of Trust shall be provided by the Lender.

- (n) “Default” shall have the meaning set forth in Section 7.1 below.
- (o) “Default Rate” shall have the meaning set forth in Section 2.5.
- (p) “Developer Fee” shall have the meaning set forth in Section 2.14.
- (q) “Development” shall mean have the meaning set forth in Recital C.
- (r) “Distributions” shall mean any distributions from Project Income to Borrower or any Borrower parent, subsidiary or affiliate.
- (s) “Environmental Indemnity Agreement” shall have the meaning set forth in Section 2.15.
- (t) “Environmental Reports” shall mean all reports and studies obtained by the Borrower regarding the possible presence of any Hazardous Materials on, in, or around the Property, or otherwise related to the Development, including but not limited to, the reports and studies listed on Exhibit I attached hereto.
- (u) “Effective Date” shall have the meaning set forth in the first paragraph.
- (v) “Excess Cash Flow” shall have the meaning set forth in Section 2.13.
- (w) “Guarantor” shall have the meaning set forth in Recital A.
- (x) “Hazardous Materials” shall have the meaning set forth in Section 5.8.
- (y) “Hazardous Materials Claim” shall have the meaning set forth in Section 5.8.
- (z) “Hazardous Materials Law” shall have the meaning set forth in Section 5.8.
- (aa) “HCD” shall mean the California Department of Housing and Community Development.
- (bb) “Homekey Funding” shall mean funds from HCD’s “Homekey Program”, which Homekey Program has been established to protect persons experiencing homelessness who are at risk for serious illness and are impacted by COVID 19.
- (cc) “Improvements” shall have the meaning set forth in Recital C.
- (dd) “Interest Reserve Account” shall mean an account equal to an amount established and controlled by Lender representing the Loan proceeds reserved for the payment of interest estimated to accrue during the Term and subject to Lender's approval, for other costs necessary for Rehabilitation or under the Loan Documents, as more accurately described in Section 2.13.
- (ee) “Interest Rate” shall have the meaning set forth in Section 2.5.

(ff) “Lender” shall mean The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation, and any successor or assign.

(gg) “Lender's Costs” shall have the meaning set forth in Section 5.14.

(hh) “Loan” shall mean the loan to Borrower pursuant to this Agreement in the total principal amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00).

(ii) “Loan Closing” shall mean (a) the execution and delivery of the Loan Documents by Borrower and all other parties thereto, and (b) the recordation against the Property of the Deed of Trust and any of the other Loan Documents which are required to be recorded.

(jj) “Loan Fee” shall have the meaning set forth in Section 2.3.

(kk) “Loan Documents” shall mean this Agreement, the Note, the Deed of Trust, the Assignment Agreement, and all other documents in favor of the Lender in connection with the Loan, excluding the Completion Guaranty, Environmental Indemnity Agreement, and the Repayment Guaranty.

(ll) “MOHCD” shall mean the Mayor's Office of Housing and Community Development, a department of the City and County of San Francisco. As used in this Agreement, “MOHCD” also refers to any successor department, or agency, of the Mayor's Office of Housing and Community Development.

(mm) “MOHCD Acquisition Loan” shall mean a loan from MOHCD to provide funding for the Acquisition.

(nn) “MOHCD Declaration” shall mean the “Declaration of Restrictions” in favor of MOHCD to be recorded against the Property in connection with the MOHCD Acquisition Loan.

(oo) “MOHCD Subordination” shall mean a Subordination Agreement in form approved by Lender, to be executed by MOHCD, Lender, and Borrower, which subordinates the deed of trust securing the MOHCD Loan to the Deed of Trust.

(pp) “MOHCD Take-Out Loan” shall mean a loan from MOHCD to repay the Loan.

(qq) [Intentionally Omitted.]

(rr) [Intentionally Omitted.]

(ss) “Note” shall mean the promissory note that will evidence Borrower's obligation to repay the Loan. The form of the Note shall be provided by the Lender.

(tt) “Parties” shall mean Lender and Borrower. “Party” means either the Lender or the Borrower.

(uu) “Project Expenses” shall mean the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (i) all charges incurred in the operation of the Development for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement; (ii) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Development, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (iii) required payments of interest and principal, and other amounts owed under the Loan Documents; (iv) all other expenses actually incurred to cover operating costs of the Development, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (v) required deposits to the Interest Reserve Account and any other reserve account required under this Agreement; (vi) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the Lender, if any; and (vii) any extraordinary expenses approved in advance by the Lender (other than expenses paid from any reserve account).

(vv) “Project Income” shall mean all income and receipts in any form received by Borrower from the operation of the Development, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Project Income does not include disbursements of any Loan funds.

(ww) “Property” shall mean the real property located in the City and County of San Francisco, California, more particularly described in the attached Exhibit A.

(xx) “Purchase Agreement” shall mean that certain purchase and sale agreement governing the Borrower's right to acquire the Property.

(yy) “Rehabilitation” shall mean the scope of the rehabilitation work to be performed by Borrower, which shall be approved by Borrower and the Lender as set forth in this Agreement. “Rehabilitation” may include repairs to existing improvements, construction of new improvements, remediation of the Hazardous Materials in accordance with the Remediation Work Plan, landscaping, and other similar physical improvements to the Development consistent with the Approved Budget. The initial Scope of Rehabilitation is more particularly described in Exhibit B, and may be mutually modified by Borrower and Lender, from time to time in accordance with Section 3.6 or Section 3.7.

(zz) “Rehabilitation Component” shall mean that portion of the Loan funds to be disbursed towards the payment of Rehabilitation costs subject to and in accordance with the terms and provisions of this Agreement.

(aaa) “Rehabilitation Plans” shall have the meaning set forth in Section 3.6.

(bbb) “Remediation Work Plan” shall have the meaning set forth in Section 2.9.

(ccc) “Repayment Guaranty” shall have the meaning set forth in Section 2.17.

(ddd) “Rent Ordinance” shall mean the San Francisco Residential Rent Stabilization and Arbitration Ordinance (Chapter 37 of the San Francisco Administrative Code), as amended from time to time.

(eee) “Sole Member” shall have the meaning set forth in Recital A.

(fff) “Sponsor” shall have the meaning set forth in Recital A.

(ggg) “Term” shall have the meaning set forth in Section 2.4.

(hhh) “Transfer” shall have the meaning set forth in Section 6.2.

(iii) “Work Authorization Letter” shall have the meaning set forth in Section 3.6.

Section 1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A: Legal Description of the Property
- Exhibit B: Scope and Schedule of Rehabilitation
- Exhibit C: [Intentionally Omitted.]
- Exhibit D: Approved Budget
- Exhibit E: Form of Work Authorization Letter
- Exhibit F: [Intentionally Omitted.]
- Exhibit G: [Intentionally Omitted.]
- Exhibit H: [Intentionally Omitted.]
- Exhibit I: Environmental Reports

ARTICLE 2. LOAN PROVISIONS

Section 2.1 Loan. Upon satisfaction of the conditions set forth in Section 2.9 and Section 2.10 of this Agreement, Lender shall lend to Borrower the Loan in the principal amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00) for the purposes set forth in Section 2.6 of this Agreement. The obligation to repay the Loan shall be evidenced by the Note.

Section 2.2 Borrower Equity. Borrower is required to provide an equity contribution for the benefit of the Development in the amount equal to two percent (2%) of the Loan or \$4,000,000.00 (the “Borrower Equity”). Borrower shall be deemed to have contributed the full amount of the Borrower Equity if, upon the Close of Escrow, the proceeds of MOHCD Acquisition Loan and the Homekey Funding are advanced towards the Acquisition.

Section 2.3 Loan Fee. A “Loan Fee” equal to \$371,858.00 shall be due and payable at the Close of Escrow.

Section 2.4 Term of Loan. Subject to any earlier termination as set forth herein, the Loan shall be due on February 13, 2023 (the “Term”).

Section 2.5 Interest.

(a) Subject to (b) below, the Loan shall bear interest at a rate equal to THREE AND ONE HALF PERCENT (3.5%) (the "Interest Rate") per annum.

(b) In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until such time as the Loan is repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law (the "Default Rate").

Section 2.6 Use of Loan Funds. The overall purpose of the Loan is to provide financing that will enable the Borrower to rehabilitate the Development in furtherance of the Sponsor's and the Sole Member's charitable purposes. Borrower represents and warrants that Borrower shall not use the Loan funds disbursed to Borrower for any other purpose without the prior written consent of the Lender.

Section 2.7 Security. Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust, and recording it as a valid first priority lien against the Property, in favor of Lender, subject to the MOHCD Declaration.

Section 2.8 Power of Attorney. As of the Effective Date, Borrower authorizes, and makes, constitutes, and appoints Lender, and any officer or authorized agent of Lender, with full power of substitution, as Borrower's true and lawful attorney-in-fact, with power, in Lender's own name or in Borrower's name: (i) to execute and deliver on Borrower's behalf such documents as Lender may from time to time consider reasonably necessary to create, perfect, or preserve its security interest in the Collateral or to exercise its rights and remedies with respect to the Collateral; and (ii) to endorse any chattel paper, note, draft, instrument, or any other form or obligation relating to or constituting part of the Collateral or any right under the Collateral and, upon the occurrence of an event of Default, to demand, collect, receipt for, compromise, settle, and sue for monies due in respect of the Collateral; and Borrower ratifies all that said attorney shall lawfully do or cause to be done by virtue thereof. This power of attorney is and shall be deemed coupled with an interest and shall be irrevocable so long as any amounts remain outstanding under the Note or the Loan Documents.

Section 2.9 Conditions Precedent to Close of Escrow. Lender shall not be obligated under the Loan Documents unless all of the following conditions precedent are satisfied prior to, or concurrently with, the Close of Escrow:

(a) The representations and warranties made by Borrower in this Agreement and the Loan Documents shall be true and correct in all material respects with the same effect as though representations and warranties had been made on as of such time.

(b) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement or any of the Loan Documents.

(c) No material adverse change, financial or otherwise, as determined by Lender in its reasonable judgment shall have occurred in the condition of Borrower or Guarantor since the Effective Date.

(d) Borrower has delivered to the Lender and Lender has approved the corporate formation documents for the Borrower, the Sole Member, and the Sponsor, including the IRS determination letter that the Sponsor and the Sole Member are each exempt from federal income tax pursuant to Section 501(c)(3) of the Code, a good standing certificate from the California Secretary of State dated no more than thirty (30) days prior to the Close of Escrow, Articles of Incorporation (or equivalent document), Bylaws (or equivalent document), and a resolution authorizing Borrower's execution of the Loan Documents.

(e) Borrower has caused to be executed and delivered to the Lender all of the Loan Documents.

(f) Borrower has caused to be executed and delivered the Completion Guaranty (as more particularly described below) executed by the Guarantor, the Repayment Guaranty (as more particularly described below) executed by the Guarantor, the Environmental Indemnity Agreement (as more particularly described below) executed by Borrower and Guarantor, and a resolution from the Guarantor authorizing the execution of such documents; provided, however, the delivery of the Environmental Indemnity Agreement executed by Guarantor and Guarantor's resolution therefor is subject to Section 2.15 below.

(g) Lender has received, and approved, an appraisal for the Property from an appraiser approved by the Lender.

(h) Borrower has delivered the Purchase Agreement to Lender, and the Lender has approved the Purchase Agreement, and the Purchase Agreement has not been amended, unless Lender has consented in writing to such amendment.

(i) Borrower shall procure and deliver to Lender an ALTA Lender's Policy of Title Insurance, together with such endorsements as Lender may require, in an amount equal to the principal amount of the Loan, insuring the Deed of Trust as liens or charges upon the Property in first priority, subject only to such exceptions and exclusions as may be reasonably acceptable to the Lender, and containing such endorsements as the Lender may reasonably require. Such policy shall be issued by a title insurer reasonably approved by the Lender.

(j) Borrower shall procure and deliver to Lender an ALTA Survey in a form acceptable to the Lender.

(k) Borrower has furnished evidence of insurance coverage satisfying the requirements of Section 5.12.

(l) Borrower shall have furnished to Lender the Environmental Reports, in the form and substance acceptable to Lender, prepared by a registered certified engineer or geologist acceptable to Lender, and the Environmental Reports shall evidence that either: (i) the Property is free of any Hazardous Materials and not otherwise subject to any environmental claims; or (ii) any Hazardous Materials will be satisfactorily remediated in accordance with a remediation work plan approved by Lender (the "Remediation Work Plan") in conjunction with Lender's approval of the scope of Rehabilitation as set forth in this Agreement, or to the extent applicable, any future renovations to the Development.

- (m) Borrower is concurrently acquiring title to the Property.
- (n) The MOHCD Acquisition Loan is concurrently in place and MOHCD is advancing funds therefrom towards the acquisition of the Property.
- (o) The Homekey Funding is in place and HCD is funding portions thereof as necessary for the acquisition of the Property.
- (p) Borrower has furnished evidence of a letter from MOHCD evidencing that MOHCD will provide a permanent loan for the Development.
- (q) The Deed of Trust will be recorded against the Property in the Office of the Recorder of the County of San Francisco (the "Official Records") concurrently with the Close of Escrow.
- (r) The MOHCD Subordination will be recorded against the Property in the Official Records concurrently with the recording of the Deed of Trust.
- (s) Lender has determined that the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that the Borrower has obtained in connection with the Rehabilitation, are not less than the amount that is necessary to pay for the Rehabilitation and to satisfy all of the applicable covenants contained in this Agreement.
- (t) Borrower has provided a written statement to the Lender affirming the accuracy, as of the date of the Loan Closing, of Borrower's representations and warranties shown in Article 4 below and affirming that there exists no Default under this Agreement.
- (u) [Intentionally Omitted.]
- (v) [intentionally omitted.]

Section 2.10 Conditions Precedent to Disbursement of Rehabilitation Component. In addition to the satisfaction of the conditions listed in Section 2.9, above, Lender shall not be obligated to make any disbursements of the Rehabilitation Component or take any other action under the Loan Documents unless the following additional conditions precedent are satisfied prior to each disbursement of the Rehabilitation Component funds:

- (a) Borrower has delivered to Lender (i) the Environmental Indemnity Agreement executed by Sponsor in accordance with Section 2.15 below together with a corporate resolution authorizing Sponsor's execution of the Environmental Indemnity Agreement and (ii) Borrower and Guarantor Resolutions authorizing the Loan and the Guaranties, as applicable, in form and content satisfactory to Lender.
- (b) Borrower has obtained title to the Property.
- (c) Borrower has obtained all permits and approvals necessary for the Rehabilitation of the Development.

(d) Lender has approved of the construction plans for the Rehabilitation as set forth below in Section 3.6.

(e) Lender has received and approved the general contractor's construction contract that Borrower has entered or proposed to enter for the construction of the Development as set forth below.

(f) Any subcontract in an amount greater than Fifty Thousand Dollars (\$50,000) has been submitted to, and approved, by Lender as set forth below.

(g) Neither the Improvements, nor all or any part of the Property shall have been materially damaged, destroyed, condemned, or threatened with condemnation.

(h) The funds requested do not exceed those made available pursuant to Section 2.1(b). The undisbursed proceeds of the Loan designated for Rehabilitation, together with other funds or firm commitments for funds that the Borrower has obtained in connection with the Development, are not less than the amount that the Lender determines is necessary to pay for the Rehabilitation to be funded all or in part by the Loan.

(i) To the extent applicable, Borrower has furnished evidence satisfactory to Lender that Borrower has complied with all covenants, conditions, restrictions, and reservations affecting the Property, if any, that the Property is duly and validly zoned for the intended use.

(j) Lender has received a written draw request from the Borrower, including certification that the condition set forth in Section 2.9(b) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Approved Budget, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. When a disbursement is requested to pay any contractor or reimburse Borrower for payments made to contracts in connection with Rehabilitation, the written request must be accompanied by: (i) certification by the Borrower reasonably acceptable to Lender that the work for which disbursement is requested has been completed (although Lender reserves the right to inspect the Property and make an independent evaluation); and (ii) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to the Lender.

(k) Lender has received any other documents and assurance as it may reasonably request.

Section 2.11 Retention. An amount of ten percent (10%) of each disbursement of the Rehabilitation Component payable to the general contractor shall be retained by the Lender (the "Retention"). The Retention shall be released by the Lender to the Borrower only upon the satisfaction of the following conditions:

(a) Lender has received a written draw request from the Borrower, including certification that the condition set forth in Section 2.9(b) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Approved Budget, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. The written request must be accompanied by: (i) certification by the Borrower reasonably acceptable to Lender that the work for which disbursement is requested has been

completed (although Lender reserves the right to inspect the Property and make an independent evaluation); and (ii) final unconditional lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to the Lender (such releases may be delivered concurrently with the disbursement of the Retention).

(b) Lender has received a copy of the Certificate of Occupancy.

Section 2.12 Repayment. The Loan shall be repaid in accordance with the Note.

Section 2.13 Interest Reserve Account. Subject to the conditions set forth in Sections 2.9 and 2.10, Lender shall cause \$1,358,057.00 to be deposited into the Interest Reserve Account. Thereafter, on the first (1st) Business Day of each month, Lender shall withdraw from the Interest Reserve Account an amount equal to the accrued interest then due and payable on the Note. However, to the extent Project Income exceeds Project Expenses, Borrower shall apply all such proceeds (the "Excess Cash Flow") towards the payment of the interest due on the Note. Notwithstanding anything to the contrary above, Lender shall not be obligated to make disbursements from the Interest Reserve Account for the payment of interest due under the Note until Borrower has so applied the Excess Cash Flow. Provided that the Lender has approved an amendment to the Approved Budget, pursuant to Section 3.9, Borrower may utilize the funds within the Interest Reserve Account for other costs necessary for Rehabilitation. In addition, Lender may utilize the funds within the Interest Reserve Account to pay any other costs in the Loan Documents, subject to any applicable notice and cure periods.

If at any time during the Term, the Lender determines, in its sole discretion, that the funds in the Interest Reserve Account are not or may not be sufficient for the payment of interest through the end of the Term, then Lender may elect as follows: (a) make a written demand on Borrower to directly pay to Lender all future interest of the Loan out of Borrower's own funds until the remaining funds in the Interest Reserve Account are sufficient in Lender's reasonable judgment to cover any and all interest becoming due through the end of the Term; or (b) make a written demand to Borrower to immediately deposit with Lender sufficient funds such that the funds in the Interest Reserve Account are sufficient in Lender's reasonable judgment to cover any and all interest becoming due through the end of the Term.

Section 2.14 Fees.

(a) Developer Fee. Borrower is entitled to receive a fee for developing the Development in the amount of \$1,000,000.00 (the "Developer Fee"). The Developer Fee shall be paid to the Borrower on a milestone or progress basis in accordance with the requirements of the MOHCD Acquisition Loan. Subject to the limitations set forth the documentation for the MOHCD Take-Out Loan, the remainder of the Developer Fee will be paid to Borrower from the MOHCD Take-Out Loan. Lender acknowledges that Borrower has entered into a Development Services Agreement with Sponsor and will pay Sponsor the Developer Fee.

(b) Asset Management Fee. During the Term, there shall be an annual management fee payable to Borrower equal to \$22,670.00, with an annual growth at three and one-half percent (3.5%). The asset management fee shall not be payable from Loan proceeds, and Borrower shall not include any payment of such fee on any draw request.

(c) Property Management Fee. During the Term, there shall be a property management fee payable to the Borrower's property management company in a per unit amount approved by MOHCD and/or the San Francisco Department of Homelessness and Supportive Housing (HSH), as applicable, with an annual growth as may be allowed by MOHCD and/or HSH. The property management fee shall not be payable from Loan proceeds, and Borrower shall not include any payment of such fee on any draw request.

(d) Use of Contingency Funds.

(1) The Approved Budget includes a construction contingency fund equal to fifteen percent (15%) of the construction contract. Any unspent construction contingency funds, as set forth in the Approved Budget, as may be amended pursuant to this Agreement, shall be retained or otherwise returned to Lender as excess Loan proceeds.

(2) Borrower shall provide a soft cost contingency fund equal to ten percent (10%) of soft costs as set forth in the Approved Budget, excluding the Developer Fee and administrative fees, construction loan interest and Interest Reserve Account. Any unspent funds shall be retained or otherwise returned to the Lender as excess Loan proceeds.

Section 2.15 Environmental Indemnity Agreement. Upon the Loan Closing, Borrower and Sponsor shall execute and deliver to Lender the Environmental Indemnity Agreement in form and substance satisfactory to Lender, pursuant to which Borrower and Sponsor will indemnify, defend, and hold Lender harmless from and against any and all losses, damages, claims, costs, and expenses incurred by Lender as a result of the existence or alleged existence of Hazardous Materials on, under, or about the Property in violation of the applicable laws or ordinances as provided in the Environmental Indemnity Agreement; provided, however, if Sponsor is unable to deliver to Lender Sponsor's executed Environmental Indemnity Agreement and Sponsor's resolution authorizing such execution by the Close of Escrow, then Borrower agrees to cause Sponsor to deliver the same to Lender by no later than November 25, 2020. Any approval by Lender of the Remediation Work Plan shall not waive, limit, or impair Borrower's obligations under the Environmental Indemnity Agreement.

Section 2.16 Completion Guaranty. Upon the Loan Closing Borrower shall cause the Guarantor to execute and deliver to Lender, in a form prepared by the Lender, the Completion Guaranty by which Guarantor shall unconditionally guarantee the timely completion of the construction of the Development.

Section 2.17 Repayment Guaranty. Upon the Loan Closing, Borrower shall cause the Guarantor to execute and deliver to Lender, in a form prepared by the Lender, the Repayment Guaranty by which Guarantor shall unconditionally guarantee the timely repayment of the Loan but not in excess of (a) \$800,000.00 plus (b) all costs and expenses incurred by Lender in connection with the enforcement of, and collection under, the Repayment Guaranty.

ARTICLE 3. REHABILITATION CONDITIONS

Section 3.1 [intentionally omitted.]

Section 3.2 50% Occupancy; Commencement of Rehabilitation. By no later than February 21, 2021, Borrower shall complete a portion of the Rehabilitation necessary to allow for legal occupancy of not less than 50% of the units within the Development. Borrower shall cause the commencement of Rehabilitation by no later than the date necessary to comply with the covenant in the preceding sentence.

Section 3.3 Completion of Rehabilitation. Borrower shall diligently prosecute the Rehabilitation to completion and shall cause the completion of the Rehabilitation no later than the date that is twenty-four (24) months following the Effective Date, or such later date as Lender may approve. The Rehabilitation shall be deemed complete upon the issuance of a Certificate of Occupancy. The initial required scope of Rehabilitation is attached as Exhibit B to this Agreement.

Section 3.4 Construction Contract.

(a) General Contractor Approval by Lender. The Lender must approve selection process and selection results of the general contractor. If the Borrower selects a general contractor through a negotiated bid process, the request for proposals shall require competitive cost proposals that specify overhead and profit percentages and general conditions costs as separate line items. Values for specific trade work, subcontractor work, and all other costs under the purview of the general contractor shall be listed separately and exclude overhead and profit percentages and general conditions costs mark-ups.

(b) Contract Approval by Lender. Not later than fifteen (15) days prior to the date set forth in Section 3.2, Borrower shall submit to the Lender for its approval a draft of the proposed construction contract for the Rehabilitation. All construction work and professional services are to be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California. Each contract that Borrower enters for Rehabilitation is to provide that at least ten percent (10%) of the costs incurred will be payable only upon completion of the Rehabilitation, subject to early release of Retention for specified subcontractors upon approval by the Lender. The overhead and profit may not exceed fifteen percent (15%) of contract price. The general conditions costs must be documented and reasonable given the conditions at the Property. The Lender's approval of the construction contract shall not be deemed to constitute approval of, or concurrence with, the enforceability of, or business advantage of, any term or condition of the construction contract. Upon receipt by the Lender of the proposed construction contract, the Lender shall promptly review same and approve or disapprove it within ten (10) days. If the construction contract is not approved by the Lender, the Lender shall set forth in writing and notify Borrower of the Lender's reasons for withholding such approval. Borrower shall thereafter submit a revised construction contract for Lender approval, which approval is to be granted or denied in ten (10) days in accordance with the procedures set forth above. Any construction contract executed by Borrower for the Rehabilitation is to be in the form approved by the Lender.

(c) Major Subcontracts. In addition to the construction contract, any subcontract governed by Section 2.10(e), above, shall be submitted by the Borrower for the Lender's approval in accordance with subsection (a).

Section 3.5 Construction Bonds. Unless otherwise waived by Lender, not later than fifteen (15) days prior to the date set forth in Section 3.2, above, Borrower shall deliver to the Lender copies of labor and material bonds and performance bonds for the Rehabilitation in an amount equal to one hundred percent (100%) of the scheduled cost of the Rehabilitation. Such bonds must name the Lender as a co-obligee.

Section 3.6 Rehabilitation Plans. Unless otherwise waived by Lender, no later than thirty (30) days prior to the date set forth in Section 3.2, the Borrower shall submit to Lender, Borrower's plans and specifications for the Rehabilitation (the "Rehabilitation Plans") consistent with the scope of Rehabilitation, as set forth in Exhibit B. If the Rehabilitation Plans are not materially consistent with the scope of Rehabilitation, then Borrower shall also submit a proposed amended scope of Rehabilitation for Lender's approval. Lender shall approve or disapprove the Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable) in writing within fifteen (15) days following Lender's receipt of the complete Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable), which approval shall not be unreasonably denied. If the Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable) are disapproved by Lender, Lender shall deliver a written notice to Borrower setting forth, in reasonable detail, the reasons for such disapproval. Borrower shall have five (5) days following the receipt of such notice to submit revised Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable). The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable) shall continue to apply until the Rehabilitation Plans (and the amended scope of Rehabilitation, if applicable) has been approved by Lender in writing. In the event the Borrower proposes to amend the scope of Rehabilitation, then following Lender's approval of such proposed amended scope of Rehabilitation (which Lender may but is not obligated to approve), Lender shall execute and deliver to Borrower a work authorization letter substantially in the form as the Work Authorization Letter, attached hereto as Exhibit E, to evidence such revisions to the scope of Rehabilitation (the "Work Authorization Letter").

Section 3.7 Rehabilitation Pursuant to Plans; Changes; Compliance with Laws.

(a) Rehabilitation Plans. Borrower shall cause the Rehabilitation to be performed in conformance with the Approved Budget and consistent with the Rehabilitation Plans.

(b) Changes. Borrower shall notify the Lender in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the Rehabilitation Plans. Written authorization from the Lender must be obtained before any of the following changes, additions, or deletions in work for the Development may be performed: (i) any change in the work the cost of which exceeds Fifty Thousand Dollars (\$50,000); or (ii) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars (\$100,000) or ten percent (10%) of the Loan amount, whichever is less; or (iii) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Development as provided for in the Rehabilitation Plans. The Lender's consent to any additions, changes, or deletions to the work does not relieve or release Borrower from any other obligations under this Agreement, or relieve or release Borrower or its surety from any surety bond.

(c) Compliance with Laws and Permits. Borrower shall cause all Rehabilitation work to be performed in compliance with: (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter; and (ii) all permits and all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction.

Section 3.8 Rehabilitation Responsibilities.

(a) Borrower is responsible for the coordination and scheduling of the Rehabilitation work to be performed so that commencement and completion of the Rehabilitation takes place in accordance with this Agreement.

(b) Borrower is solely responsible for all aspects of Borrower's conduct in connection with the Rehabilitation, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Lender with reference to the Rehabilitation is solely for the purpose of determining whether Borrower is properly discharging its obligations to the Lender, and should not be relied upon by Borrower or by any third parties as a warranty or representation by the Lender as to the quality of the design or construction of the Rehabilitation.

(c) Until such time as Borrower has received a Certificate of Occupancy for the Development, Borrower shall provide the Lender with quarterly progress reports regarding the status of the Rehabilitation, including a certification that the actual Rehabilitation costs to date conform to the Approved Budget, as it may be amended from time to time as set forth below.

Section 3.9 Approved Budget; Revisions to Approved Budget. As of the Effective Date, the Lender has approved the Approved Budget set forth in Exhibit C. Lender's written approval shall be required to amend the Approved Budget. Borrower shall submit written requests to amend the Approved Budget to Lender for approval and Lender shall approve or disapprove of any proposed amendments to the Approved Budget in writing within five (5) days after receipt of Borrower's request. If Lender approves of the amendments to the Approved Budget, Lender shall execute a Work Authorization Letter, or otherwise deliver written approval of such amendments to the Approved Budget.

Section 3.10 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on the Lender or any other lender or other third party in connection with the Development, then Borrower shall, within thirty (30) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Lender a surety bond in sufficient form and amount, or provide the Lender with other assurance satisfactory to the Lender that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Lender may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the Lender may require Borrower to immediately deposit with the Lender the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Lender may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of Rehabilitation and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes the Lender, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Lender deems necessary or desirable to protect its interest in the Property.

Section 3.11 Inspections. Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection of the Rehabilitation by the Lender and during reasonable business hours for the purposes of determining compliance with this Agreement.

ARTICLE 4.

BORROWER'S REPRESENTATIONS AND WARRANTIES

Section 4.5 Representations and Warranties. Borrower hereby represents and warrants to Lender as follows, which representations and warranties shall be true and correct as of the Effective Date and acknowledges, understands, and agrees that the representations and warranties set forth in this Article 4 are deemed to be continuing during all times when any portion of the Loan remains outstanding:

(a) Organization. Borrower is a duly organized California limited liability company validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Borrower. Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. The Loan Documents and all other documents or instruments executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. Borrower has complied and will continue to comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency, in connection with the acquisition and rehabilitation of the Development.

(g) Pending Proceedings. Borrower and Sponsor are not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower, Sole Member, Sponsor, or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower, or Sponsor's ability to perform its obligations under this Agreement, the Repayment Guaranty, the Completion Guaranty, the Environmental Indemnity Agreement, or any of the Loan Documents to which Borrower or any Sponsor is a party, or which might adversely affect the priority of the lien of the Deed of Trust on the Property, the Rehabilitation, or the use, occupancy, or operation of the Property or any part of the Property.

(h) Title to Land. At the time of recordation of the Deed of Trust, Borrower will have good and marketable fee title to the Development and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens for current real property taxes and liens in favor of the Lender, or liens otherwise approved in writing by the Lender.

(i) Financial Statements. All financial statements and all financial data previously delivered to Lender in connection with the Loan by or on behalf of Borrower, its Sole Member, or the Sponsor are true and correct in all material respects, and accurately represent the information contained therein. As of the Effective Date, no material adverse change has occurred in the financial conditions presented in the financial statements or financial data since their respective dates.

(j) Sufficient Funds. Borrower holds sufficient funds/or binding commitments for sufficient funds to complete the Acquisition and the Rehabilitation in accordance with the terms of this Agreement.

(k) Taxes. Borrower has filed all federal and other material tax returns and reports required to be filed, and have paid all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Borrower that could, if made, be reasonably expected to have a material adverse effect upon the Property, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower, taken as a whole, which would be expected to result in a material impairment of the ability of Borrower to perform under any of the Loan Documents, or a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

(l) Hazardous Materials. To the best of Borrower's knowledge, except as disclosed in writing by Borrower to the Lender prior to the Effective Date: (i) no Hazardous Material has been disposed of, stored on, discharged from, or released to or from, or otherwise now exists in, on, under, or around, the Property; (ii) neither the Property nor Borrower is in violation of any Hazardous Materials Law; and (iii) neither the Property nor Borrower is subject to any existing, pending or threatened Hazardous Materials Claims.

(m) Flood Hazard. To the best of Borrower's knowledge, no part of the Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Property is an area identified as an area having special flood hazard, adequate flood insurance has been obtained by Borrower.

(n) Utilities. All utility services necessary and sufficient for the equipping and operation of the Development are either available at the boundaries of the Property, or, if not, all necessary steps have been taken by Borrower and the local authority or public utility company that provides such services and facilities when need for construction, occupancy, and operation of the Development.

(o) Continuing Accuracy. During the entire period of the Term of the Loan, Borrower and Guarantor shall promptly notify Lender of any event that would render any of the representations and warranties in this Agreement untrue or misleading.

ARTICLE 5. AFFIRMATIVE COVENANTS

From and after the Effective Date, and as long as any amount remains unpaid on the Note, or for so long as any commitment exists to extend credit under this Agreement, Borrower covenants and agrees that it will do the following, unless Lender otherwise consents in writing:

Section 5.1 Payment. Borrower shall promptly pay principal and interest and all other sums under the Note as and when the same becomes due and payable.

Section 5.2 Financial Statements and Information. Borrower shall furnish or cause to be furnished to Lender, at the address set forth in Section 8.7, the following financial information and other reports:

(a) Within one hundred twenty (120) days after the end of each fiscal year of Borrower, beginning in the year of the Close of Escrow, Borrower shall furnish to Lender: (i) annual financial statements (including a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows) of Borrower and Sponsor, on an audited basis, certified by independent certified public accountants as fairly presenting Borrower and Sponsor's financial positions at the end of the fiscal year and the results of their operations for the fiscal year, and as being prepared in accordance with generally accepted accounting principles, consistently applied; (ii) if, as required by generally accepted accounting principles, Borrower and Sponsor's annual financial statements are prepared on a consolidated basis, supplemental schedules or statements (including a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows) of Borrower and Sponsor, on an unconsolidated basis, fairly presenting the financial position of Borrower and Sponsor at the end of the fiscal year and the results of their operations for the fiscal year; and (iii) a narrative summary of any substantive changes affecting the real estate owned schedule or the certified statement of debt and contingent liabilities for both Borrower and Sponsor since the last quarterly financial report required in subsection (b) below.

(b) Within thirty (30) days after the end of each fiscal quarter of Borrower, Borrower shall furnish to Lender: (i) quarterly financial statements (including a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows) of Borrower and Sponsor, fairly presenting Borrower and Sponsor's financial positions at the end of the fiscal quarter and the results of their operations for the fiscal quarter, prepared internally, in accordance with generally accepted accounting principles, consistently applied; and (ii) if, as required by generally accepted accounting principles, Borrower and Sponsor's quarterly financial statements are prepared on a consolidated basis, supplemental schedules or statements (including a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows) of Borrower and Sponsor, on an unconsolidated basis, fairly presenting the financial position of Borrower and Sponsor at the end of the fiscal quarter and the results of their operations for the fiscal quarter.

(c) Within thirty (30) days after the end of each fiscal quarter of Borrower, Borrower shall furnish to Lender: (i) an operating statement showing income and expenses for the Development; (ii) a report certifying that Borrower has a written marketing plan and tenant selection plan for any vacant units in the Development in compliance with the MOHCD Declaration, Section 5.13 of this Agreement, and all applicable fair housing laws; and (iii) a narrative report on the Development covering, among other things, the status of obtaining permanent financing for the Development, meeting the required benchmarks for such permanent financing, and detailing any problems or issues that might affect the timely payment of the Loan or the closing of permanent financing for the Development.

(d) Promptly after request, Borrower shall furnish to Lender such additional information, reports, statements, and certificates with respect to the Loan, Development, Completion Guaranty, Repayment Guaranty, Environmental Indemnity Agreement, operations or financial condition of Borrower or Sponsor, or status on the progress of Rehabilitation, as Lender may from time to time reasonably request.

Section 5.3 Inspections. Borrower shall make available for examination at reasonable intervals and during normal business hours to Lender all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records. Lender may make audits of any conditions relating to this Agreement. Borrower shall grant Lender and its agents and representatives full rights of entry and free access to the Development.

Section 5.4 Records. Borrower shall maintain books and records adequate to enable independent certified public accountants to certify the financial statements referred to in Section 5.2, above, shall retain such books and records and copies of the reports and statements referred to in Section 5.2, above, for a period of at least five (5) years after payment in full of the Note, and shall make such books and records available for inspection by Lender and its agents and representatives at all reasonable times.

Section 5.5 Use of Loan Proceeds. Borrower shall use Loan's proceeds solely to finance costs of the Rehabilitation of the Development.

Section 5.6 Borrower to Pay Excess Development Costs. Borrower shall pay when due all costs of acquisition and equipping of the Development in excess of the proceeds of the Loan amount, regardless of the amount.

Section 5.7 Laborers, Subcontractors, and Materialmen. Borrower shall furnish to Lender, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Development or any part thereof, together with affidavits, or other evidence satisfactory to Lender showing that such parties have been paid all amounts then due for labor and materials furnished to the Development. Borrower shall also furnish to Lender, at any time and from time to time upon reasonable request by Lender, lien waivers bearing a then current date and prepared on a form satisfactory to the Lender from the contractor and such subcontractors or materialman as Lender may designate.

Section 5.8 Hazardous Materials.

(a) Borrower shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any substance, material, or waste that is (i) petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing

material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical; (ii) mold (which has been or is proven to be harmful to human beings), fungus (which has been or is proven to be harmful to human beings), or toxic and mycotoxin spores; (iii) lead; and (iv) any waste, substance, or material defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively, referred to hereinafter as “Hazardous Materials”); except such of the foregoing as may be customarily used at projects like the Development or kept and used in and about residential property of this type in accordance with all applicable laws.

(b) Borrower shall immediately advise the Lender in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, (“Hazardous Materials Law”); (ii) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to California Health and Safety Code Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) Lender shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower.

(d) Borrower shall indemnify and hold harmless the Lender and its board members, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, fine, penalty, judgment, award, settlement, expense or liability directly or indirectly arising out of or attributable to: (i) any actual or alleged past or present violation of any Hazardous Materials Law; (ii) any Hazardous Materials Claim; (iii) any actual or alleged past or present use, generation, manufacture, storage, release, threatened release, discharge, disposal, transportation, or presence of Hazardous Materials on, under, or about the Property; (iv) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Property relating to Hazardous Materials (whether on the Property or any other property) including, but not limited to, in connection with the Remediation Work Plan; and (v) the breach of any representation of warranty by or covenant of Borrower in this Section. Such indemnity shall include, without limitation: (x) all consequential damages; (y) the costs of any required or necessary investigation, repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (z) all reasonable costs and expenses incurred by the Lender in connection with clauses (x) and (y), including but not limited to reasonable attorneys' fees and consultant fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property, (2) loss or restriction of use of rentable

space on the Property, (3) adverse effect on the marketing of any rental space on the Property, and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify will survive termination of this Agreement and will not be diminished or affected in any respect as a result of any notice, disclosure, knowledge, if any, to or by the Lender of Hazardous Materials.

(e) Except for the Remediation Work Plan, without the Lender's prior written consent, which shall not be unreasonably withheld, Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the Lender's reasonable judgment, impair the value of the Lender's security hereunder; provided, however, that the Lender's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the Lender's consent before taking such action, provided that in such event Borrower shall notify the Lender as soon as practicable of any action so taken. The Lender agrees not to withhold its consent, where such consent is required hereunder, if: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Borrower establishes to the reasonable satisfaction of the Lender that there is no reasonable alternative to such remedial action which would result in less impairment of the Lender's security hereunder; or (iv) the action has been agreed to by the Lender.

(f) Borrower hereby acknowledges and agrees that: (i) this Section is intended as the Lender's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(g) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Lender's or the trustee's rights and remedies under the Deed of Trust, the Lender may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (1) waive its lien on such environmentally impaired or affected portion of the Property; and (2) exercise, (i) the rights and remedies of an unsecured creditor, including reduction of its claim against the Borrower to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining the Lender's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of

California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Lender in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) and the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the Lender upon its demand made at any time following the conclusion of such action.

Section 5.9 Maintenance and Damage.

(a) During the course of both Rehabilitation and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition, and in accordance with all applicable laws.

(b) If economically feasible in the Lender's reasonable judgment after consultation with the Borrower, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the Lender, or to make such changes as have been approved by the Lender. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the Lender in writing, after the damage or loss occurs and thirty (30) days following receipt of the insurance proceeds, and shall be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration, and if such insurance or condemnation proceeds are insufficient for such purpose, then Borrower shall make up the deficiency. If Borrower does not promptly make repairs, then any insurance or condemnation proceeds collected for such damage or destruction are to be promptly delivered by Borrower to Lender as provided in Article 4 of the Deed of Trust.

Section 5.10 Fees and Taxes.

Borrower is solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Development, and shall pay such charges prior to delinquency and at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property. Borrower is also solely responsible for payment of all personal property taxes, and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, and shall pay such charges prior to delinquency and at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property. However, Borrower is not required to pay and discharge any such charge so long as: (i) the legality thereof is being contested diligently and in good faith and by appropriate proceedings; and (ii) if requested by the Lender, Borrower deposits with the Lender any funds or other forms of assurance that the Lender in good faith from time to time determines appropriate

to protect the Lender from the consequences of the contest being unsuccessful. In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final determination of the proceeding or contest, will immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest. Borrower shall not apply for a property tax exemption for the Property under any provision of law except California Revenue and Taxation Section 214(g) without the prior written consent of Lender.

Section 5.11 Notice to Lender.

Borrower shall promptly notify Lender of the following:

- (a) The commencement of any action, suit or proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which seeks recovery from Borrower in an amount equal to or greater than Twenty-Five Thousand Dollars (\$25,000);
- (b) Any change in the end of the fiscal year of Borrower, which is currently December 31;
- (c) The occurrence of any material adverse change in the condition, financial or otherwise, of Borrower or Sponsor from the date of the most recent financial statements of the Borrower or Sponsor delivered to Lender;
- (d) The occurrence of any material adverse change in the Development;
- (e) The occurrence of any Default or any event of Default; and
- (f) Any notice, claim, or demand given by Borrower or received by Borrower related to the Development, Property, or Sponsor, or any event affecting the Development, if such notice, claim, demand, or event is material to the performance of Borrower or Sponsor under the Loan Documents.

Section 5.12 Insurance Requirements.

(a) Liability Requirements during Term. Borrower shall maintain the following insurance coverage for the Development throughout the Term of the Loan:

- (1) Prior to construction and following completion of construction, Commercial General Liability insurance, under Insurance Services Office occurrence form CG 00 01 or other form approved by Lender, with limits not less than One Million Dollars (\$1,000,000) per occurrence, bodily injury and property damage; One Million Dollars (\$1,000,000) per occurrence, personal injury and advertising injury; Two Million Dollars (\$2,000,000) general aggregate; and Two Million Dollars (\$2,000,000) products and completed operations aggregate. Policy shall include coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage.

(2) Prior to construction and following completion of construction, Umbrella/Excess Liability coverage in amount of not less than Five Million Dollars (\$5,000,000) per occurrence and Five Million Dollars (\$5,000,000) aggregate, where applicable. The Commercial General Liability and Commercial Automobile Liability policies maintained by Borrower shall be scheduled as underlying policies.

(3) During any period of ground up new construction activity or any rehabilitation project with a construction budget in excess of Five Million Dollars (\$5,000,000), Commercial General Liability insurance, under Insurance Services Office occurrence form CG 00 01 or other form approved by Lender, with limits not less than Ten Million Dollars (\$10,000,000) per occurrence, bodily injury and property damage; Ten Million Dollars (\$10,000,000) per occurrence, personal injury and advertising injury; Ten Million Dollars (\$10,000,000) general aggregate; and Ten Million Dollars (\$10,000,000) products and completed operations aggregate. Policy shall include coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage. Policy may not contain any restriction in coverage for the scope of construction activity that is taking place. Coverage must be provided continuously throughout the construction and/or rehabilitation of the Development and the statutory period applying to claims arising out of the construction and/or rehabilitation of the Development after substantial completion. The limits required in this Section may be reached with the combination of Umbrella/Excess Liability Insurance policies.

(4) During demolition and any period of rehabilitation activity, Commercial General Liability insurance, under Insurance Services Office occurrence form CG 00 01 or other form approved by Lender, with limits not less than Five Million Dollars (\$5,000,000) per occurrence, bodily injury and property damage; Five Million Dollars (\$5,000,000) per occurrence, personal injury and advertising injury; Five Million Dollars (\$5,000,000) general aggregate; and Five Million Dollars (\$5,000,000) products and completed operations aggregate. Policy shall include coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage. Policy may not contain any restriction in coverage for the scope of construction activity that is taking place. Coverage must be provided continuously throughout the construction and/or rehabilitation of the Development and the statutory period applying to claims arising out of the construction and/or rehabilitation of the Development after substantial completion. The limits required in this Section may be reached with the combination of Umbrella/Excess Liability Insurance policies.

(5) Commercial Automobile Liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned (applicable only if Borrower owns any vehicles), hired and non-owned auto coverage.

(6) To the extent Borrower has “employees” as defined in the California Labor Code, Workers' Compensation insurance meeting statutory requirements, and employer's liability coverage with limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness. If Borrower does not have employees, they shall provide evidence of the coverage required in this provision maintained by the legal entity providing project management and development services for the Development.

(7) During any period of ground up new construction activity or any rehabilitation project with a construction budget in excess of Five Million Dollars (\$5,000,000), Professional Liability (Errors and Omissions) insurance applicable to the Borrower’s licensed design and professional consultants (including architects, engineers and surveyors). Policy shall provide minimum limits of One Million Dollars (\$1,000,000) per claim and One Million Dollars (\$1,000,000) annual aggregate. Policy shall provide coverage for the negligent acts, errors and/or omissions in professional services provided in connection with the Development. If the Professional Liability insurance is “claims made” coverage, policy shall be maintained for no less than three (3) years beyond completion of the scope of services performed.

(b) Casualty Requirements. Borrower shall maintain the following insurance coverage throughout the Term of the Loan:

(1) Property Insurance prior to construction, on ISO Special Form CP 10 30 or equivalent form, excluding earthquake and flood perils, but including extensions of coverage for sewer and drain backup, water damage, vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the replacement cost value of all pre-existing improvements, alterations, furnishings, fixtures, equipment, and property of every kind located on or appurtenant to the Property prior to commencement of construction in the care, custody and control of the Borrower and/or its contractor, with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) per occurrence. The Lender shall be named as Mortgagee and Loss Payee. This provision shall not apply to buildings and structures which are scheduled to be demolished and not incorporated into the completed Development.

(2) Builder’s Risk Insurance during the course of any construction activity, on ISO Special Form CP 00 20 or equivalent form, excluding earthquake and flood perils, but including extensions of coverage for sewer and drain backup, water damage, vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the full replacement cost value of all work incorporated in the Development t, all materials and equipment intended for permanent use in the Development or incidental to the construction thereof and included in the total cost of the Development, but not including tools, machinery, equipment, trailers, and sheds belonging to the Contractor or Subcontractors. Policy shall include coverage for property/materials in transit and storage off-site, as well as coverage for soft costs and delays in completion resulting from a covered peril. Policy shall include coverage for loss of rental income due to an insured peril for twelve (12) months. Policy deductible shall not exceed Fifty Thousand Dollars (\$50,000) per occurrence. The Lender shall be named as Mortgagee and Loss Payee. Policy(ies) will remain in force until final completion of the Development and acceptance by the Borrower and final payment has

been made. If Development includes renovation of existing building(s), the existing building(s) must be included in the Builder's Risk insurance policy on a replacement cost basis, or the existing building(s) must be insured on a separate Property Insurance policy that complies with the provisions of Section 4.12 (b) (3) below.

(3) Property Insurance following completion of construction, on ISO Special Form CP 10 30 or equivalent form, excluding earthquake and flood perils, but including extensions of coverage for sewer and drain backup, water damage, vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the replacement cost value of all buildings, improvements, alterations, furnishings, fixtures, equipment, and property of every kind located on or appurtenant to the Property. Policy shall include coverage for loss of rental income due to an insured peril for twelve (12) months. Policy shall provide a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) per occurrence. The Lender shall be named as Mortgagee and Loss Payee.

(c) General Requirements.

(1) Additional Insured. Commercial General Liability, Commercial Automobile Liability and Umbrella/Excess Liability policies of Borrower must include the Lender, San Francisco Housing Accelerator Fund, the City and County of San Francisco, and each of their respective boards, commissions, officers, directors, agents, employees, and assigns (collectively, the "Additional Insureds") as additional insureds by endorsement. Coverage afforded to the Additional Insureds shall apply separately to each insured against whom claim is made or suit is brought, and that an act of omission of one of the insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(2) Waiver of Subrogation. Any and all policies of Borrower shall provide a waiver of subrogation endorsement in favor of the Lender and Additional Insureds.

(3) Primary & Non-Contributory. Any and all insurance policies of Borrower must contain a provision providing that Borrower's coverage shall be primary, and any coverage maintained by the Lender and/or Additional Insureds shall be excess and noncontributing.

(4) Borrower shall provide thirty (30) days advance written notice to the Lender of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to Lender. Notices shall be sent to the Lender at the address set forth in Section 7.7.

(5) Approval of Borrower's insurance by the Lender will not relieve or decrease the liability of Borrower under this Agreement.

(6) Lender and the Additional Insureds shall not be liable for any required premium.

(7) Lender reserves the right to require an increase in insurance coverage in the event the Lender determines that conditions show cause for an increase, unless Borrower demonstrates to the Lender's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(8) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion.

(9) Borrower must provide the Lender with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

(10) Risk and hazardous insurance policies set forth above shall be from an insurance company with a rating deemed acceptable by Lender. In accordance with Section 2.8(j) and upon request from Lender, Borrower shall deliver certificates of insurance (ACCORD 25) evidencing all policies set forth above.

(d) General Contractor and Subcontractor Requirements. Borrower shall cause any general contractor or subcontractor working on the Development during the Term, whether under direct contract with Borrower or a subcontract with the general contractor, to maintain insurance of the types and in at least the minimum amounts described in subsection (a)(1) – (7) and (c) above, however the limit of liability for commercial general liability insurance applicable to subcontractors during demolition and any period of construction activity is permitted to be a minimum of One Million Dollars (\$1,000,000) per occurrence, bodily injury and property damage; One Million Dollars (\$1,000,000) per occurrence, personal injury and advertising injury; Two Million Dollars (\$2,000,000) general aggregate; and Two Million Dollars (\$2,000,000) products and completed operations aggregate.

(e) Nonresidential Tenant Requirements. To the extent applicable, Borrower shall require that all nonresidential tenants maintain insurance throughout the term of any lease of commercial space in the Development as follows:

(1) To the extent the tenant has “employees” as defined in the California Labor Code, Workers' Compensation insurance meeting statutory requirements, and employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(2) Commercial General Liability insurance, under Insurance Services Office occurrence form CG 00 01 or other form approved by Lender, with limits not less than One Million Dollars (\$1,000,000) per occurrence, bodily injury and property damage; One Million Dollars (\$1,000,000) per occurrence, personal injury and advertising injury; Two Million Dollars (\$2,000,000) general aggregate; and Two Million Dollars (\$2,000,000) products and completed operations aggregate. Policy shall provide coverage for contractual liability; personal injury; advertisers' liability owners' and contractors' protective; broad form property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(3) Commercial Automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage.

(4) Liquor Liability Insurance, with respect to any tenant who has (or is required by law to have) a liquor license and/or any tenant who is selling, serving, manufacturing, or distributing alcoholic beverages and/or food products on the leased premises, shall be required to maintain liquor liability coverage with limits not less than One Million Dollars (\$1,000,000) per occurrence;

(5) Property Insurance coverage at least as broad as that provided by the Insurance Services Office Form CP 10 30 "Causes of Loss – Special Form" or equivalent form, including broadening endorsements to protect against the perils of water intrusion and sewer/drain backup, including vandalism and malicious mischief, in the amount of one hundred percent (100%) of the full replacement cost covering all furnishings, fixtures, equipment, leasehold improvements, alterations, business personal property, inventories, data processing equipment, tools, machinery and property of every kind of the tenant and of persons claiming through the tenant, including coverage for loss of income due to an insured peril for twelve (12) months;

(6) full coverage plate glass insurance covering any plate glass within the commercial space;

(7) Commercial General Liability, Commercial Automobile Liability, Liquor Liability, and any Umbrella/Excess Liability policies that a commercial tenant maintains must include the Lender, Additional Insureds and Borrower as additional insureds by endorsement;

(8) Any and all policies of a commercial tenant shall provide a waiver of subrogation endorsement in favor of the Lender, Additional Insureds and Borrower; and

(9) Any and all insurance policies of a commercial tenant shall contain a provision providing that commercial tenant's coverage shall be primary, and any coverage maintained by the Lender, Additional Insureds and/or Borrower shall be excess and noncontributing.

Section 5.13 Operation of Development as Affordable Housing.

(a) Borrower shall operate the Development: (i) in accordance with all applicable laws, codes, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, including, but not limited to and only if applicable, all applicable sections of the Rent Ordinance; and (ii) as an affordable housing development consistent with the MOHCD Declaration. In the event of any vacancies during the Term, Borrower shall only rent such units in accordance with the MOHCD Declaration. Lender's approval of any lease is for the sole purpose of protecting Lender's security and preserving Lender's rights under the Loan Documents. No approval by Lender will result in a waiver of any Default of Borrower. In no event will Lender's approval of any lease be

a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant.

(b) [intentionally omitted.]

Section 5.14 Lender's Costs. Borrower shall pay all of Lender's costs and expenses reasonably incurred in connection with preparation for the closing of the Loan, whether the Loan closes or not, including but not limited to: architectural and engineering review, appraisal review, environmental review, inspections, documentation fees, legal fees, mortgage taxes, transfer taxes, all recording costs and filing fees, all license and permit fees, all title and other insurance premiums (collectively, "Lender's Costs"). Borrower shall pay all Lender's Costs at the Close of Escrow as applicable. This provision shall survive the Close of Escrow and the expiration or termination of this Agreement.

Section 5.15 Tax-Exempt Status. Borrower shall cause the Sponsor and Sole Member to maintain their respective tax-exempt status under Section 501(c)(3) of the Code.

ARTICLE 6. NEGATIVE COVENANTS

From and after the Effective Date, and as long as any amount remains unpaid on the Note, Borrower covenants and agrees that it will do the following, unless Lender otherwise consents in writing:

Section 6.1 No Secondary Financing. At no time during the Term of the Loan may the Property be encumbered by the lien of any lender or creditor except as may be specifically approved in advance in writing by Lender, or except as may be expressly permitted in this Agreement.

Section 6.2 Transfer.

(a) For purposes of this Agreement, "Transfer" shall mean any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, whether voluntary or involuntary, of: (i) any rights and/or duties under this Agreement; (ii) any interest in the Borrower, including (but not limited to) any transfer of a membership interest or partnership interest; and/or (iii) any interest in the Property, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" excludes the leasing of any single unit in the Development to an income-eligible occupant in compliance with the MOHCD Declaration.

(b) No Transfer shall be permitted without the prior written consent of the Lender, which the Lender may withhold in its sole discretion. The Loan shall automatically accelerate and be due in full upon any Transfer made without the prior written consent of the Lender.

Section 6.3 Guaranties. Borrower shall not guaranty, become surety for, endorse or otherwise in any way be or become responsible for the liabilities or obligations of any person or entity in connection with the Development, other than as approved by Lender.

Section 6.4 Indebtedness. Borrower shall not incur, create, assume or suffer to exist any indebtedness for borrowed money in connection with the Development, other than the Loan and financing approved by Lender.

Section 6.5 Liens. Borrower shall not create, incur, assume or suffer to exist any pledge, lien, charge or other encumbrance of any nature on the Collateral or any portion thereof, other than liens and encumbrances in favor of Lender.

Section 6.6 Distributions. Borrower shall not make any Distributions from Project Income or Excess Cash Flow during the Term.

ARTICLE 7. DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute a “Default” by the Borrower under this Agreement:

(a) Failure to Make Payment. Failure by the Borrower to repay the principal and any interest on the Loan, or any other amount owed under the Loan Documents, within ten (10) days after such payment first becomes due and payable, or the failure by the Borrower to repay any amount owed under the Loan Documents, which is due on the date of expiration of the Term.

(b) Failure to Commence or Complete Rehabilitation. Subject to Section 8.14, failure of the Borrower to commence and prosecute to completion, the Rehabilitation of the Development within the time frames set forth in this Agreement.

(c) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Lender to the Borrower; provided however, if such default cannot reasonably be cured within such thirty (30) day period, Borrower shall have such additional time as may be reasonably necessary to cure, provided however, the overall cure period for such default shall not exceed sixty (60) days.

(d) Suspension or Abandonment of Rehabilitation. The Rehabilitation is suspended or abandoned, prior to the receipt of the Certificate of Occupancy, for any period of thirty (30) consecutive days, subject to Section 8.14.

(e) Intentionally Omitted.

(f) Insolvency. A court having jurisdiction shall have made or entered any decree or order: (i) adjudging Borrower to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower

under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties; or (iv) directing the winding up or liquidation of Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the Lender, the indebtedness evidenced by the Note.

(g) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the Lender, the indebtedness evidenced by the Note.

(h) Suspension; Dissolution. Borrower shall have voluntarily suspended its business or the dissolution of the Borrower.

(i) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the Lender) against the Development, the Property, or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of thirty (30) days without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the Lender.

(j) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development.

(k) Unauthorized Transfer. Any Transfer other than as permitted by Section 6.2.

(l) Representation or Warranty Incorrect. Any representation or warranty of Borrower contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Lender in connection with any of the Loan Documents, proves to have been incorrect in any material and adverse respect when made.

(m) Failure to Obtain Project Approvals. Any failure by the Borrower to obtain project approvals as required in order to proceed with the Rehabilitation of the Development so as to complete by the completion date, or revocation or other invalidation of any project approvals previously obtained.

(n) Uninsured Final Judgment. Any uninsured final judgment in excess of One Hundred Thousand Dollars (\$100,000) shall be rendered against the Borrower and shall

remain in force, undischarged, unsatisfied and unstayed for more than thirty (30) days, whether or not consecutive.

(o) Tax-Exempt Status. Sponsor's or Sole Member's status as a tax-exempt organization is revoked, and Sponsor has exhausted all remedies and appeals relating to such revocation.

Section 7.2 Remedies. The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the Lender or automatically where so specified, relieve the Lender of any obligation to make or continue the Loan and shall give the Lender the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The Lender shall have the right to cause all indebtedness of the Borrower to the Lender under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Lender as a creditor and secured Party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. The Borrower shall be liable to pay the Lender on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorneys' fees and expenses) paid or incurred by the Lender in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The Lender shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at the Borrower's Expense. The Lender shall have the right (but not the obligation) to cure any monetary default by the Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Lender for any funds advanced by the Lender to cure a monetary default by the Borrower upon demand therefore, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

Section 7.3 Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Lender or the rights of the Lender hereunder.

Section 7.4 Remedies Cumulative. No right, power, or remedy given to the Lender by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Lender by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither

the failure nor any delay on the part of the Lender to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

ARTICLE 8.
GENERAL PROVISIONS

Section 8.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Lender and Borrower or its agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the construction and operation of the Development, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 8.2 Indemnification.

(a) Borrower shall indemnify, defend and hold Lender and its board members, directors, officers, employees, agents, successors and assigns (each an "Indemnified Party") harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with this Agreement, including but not limited to the purchase of the Property and the development, rehabilitation, marketing and operation of the Development, except to the extent such claim arises solely from the gross negligence or willful misconduct of Lender, its agents, and its employees.

(b) Notwithstanding any Transfer of the Development to another person in accordance with the provisions of this Loan Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such other person fails to indemnify any Indemnified Party.

(c) The provisions of this Section shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 8.3 No Claims. Nothing contained in this Agreement shall create or justify any claim against the Lender by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the

Property, the construction or operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the Rehabilitation.

Section 8.4 Amendments. This Agreement shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Agreement is executed.

Section 8.5 Non-Liability of Lender Officials, Employees and Agents. No member, official, employee or agent of the Lender shall be personally liable to Borrower in the event of any default or breach by the Lender or for any amount which may become due to Borrower or its successor or on any obligation under the terms of this Agreement.

Section 8.6 No Third Party Beneficiaries. Nothing in this Agreement (either express or implied) is intended to, or shall be construed to, confer upon or give any person or entity, other than the Parties hereto, any rights or remedies under or by reason of this Agreement.

Section 8.7 Notices, Demands and Communications. Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless: (i) dispatched by registered or certified mail, postage prepaid, return receipt requested; (ii) delivered by express delivery service, return receipt requested; (iii) delivered personally; or (iv) sent by electronic mail, provided that any notice sent by electronic mail must be followed by notice delivered under either (i), (ii), or (iii) within two (2) Business Days. All such notices shall be delivered to the principal office of the Parties as follows:

Lender: The San Francisco Housing Accelerator Fund
 2370 Market St
 Ste 103, PMB 442
 San Francisco, CA 94114
 e-mail: rebecca@sfhaf.org

Borrower: 1000 Sutter LLC
 165 Eighth Street
 San Francisco, CA 94103
 Attn: Beth Stokes

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable) except that any electronic mail received after 5:00 p.m. shall be deemed to have been received on the next Business Day.

Section 8.8 Applicable Law. This Agreement shall be governed by and construed in accordance with California law.

Section 8.9 Parties Bound. Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Property and the Development for the entire Term, and the benefit hereof shall inure to the benefit of Lender and its successors and assigns.

Section 8.10 Attorneys' Fees. If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 8.11 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 8.12 Gender and Number. Words of any gender used in this Agreement shall be held to include any other gender, and any words in the singular number shall be held to include the plural (and vice versa), when the sense requires.

Section 8.13 Titles. The titles and article or paragraph headings are inserted only for convenience, and are in no way to be construed as a part of this Agreement or as a limitation on the scope of the particular provisions to which they refer

Section 8.14 Force Majeure. In addition to specific provisions of this Agreement and subject to the provisions of this Section 8.14, performance by either Party shall not be deemed to be in Default for so long as delays or defaults are: (i) caused by war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, State or County quarantine restrictions, and any amendments or modifications thereto ("Governmental Quarantine Order(s)")(provided that the impact(s) of such amendment or modification to the County Order could not have been reasonably anticipated), freight embargoes, lack of transportation, or court order (each a "Force Majeure Cause"); and (ii) such Force Majeure Cause has had a direct and material adverse impact on the Party's ability to satisfy its obligation hereunder, despite the Party's diligent, good faith, and commercially reasonable, efforts to perform such obligation. The effected Party shall use diligent, good faith, and commercially reasonable efforts to perform the subject obligations as soon as possible as circumstances may allow. For this Section 8.14 to apply to a Party's performance of any obligation, such Party shall provide written notice of the Force Majeure Cause to the other Party within ten (10) days following the commencement of such Force Majeure Cause. Any notice of a Force Majeure Cause given by Borrower shall also request from Lender a specified period of extension within which the Borrower shall perform the effected obligations. Lender will not unreasonably withhold approval of the requested extension period (or further requested extensions thereof) provided that (a) no extension period shall extend the Term of the Loan and (b) the cumulative extensions in connection with the subject Force Majeure Cause shall not exceed one hundred eighty (180) days. Notwithstanding the foregoing, no Force Majeure Cause shall be deemed to waive, limit, or otherwise amend Borrower's obligation to timely repay the Loan, in accordance with Loan Documents.

Section 8.15 Waivers. Any waiver by the Lender of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Lender to take action on any breach or Default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Lender to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

Section 8.16 Entire Understanding of the Parties. The terms and provisions of this Agreement, the Loan Documents, the Repayment Guaranty, the Completion Guaranty, and the Environmental Indemnity Agreement supersede any inconsistent terms and conditions of any term sheet, commitment letter, or similar document issued by Lender to Borrower. This Agreement and the attached exhibits constitute the entire agreement of the Parties with respect to the matters set forth in this Agreement. This Agreement supersedes any prior agreement and understandings between the Parties as to such matters, oral or written, all of which are hereby cancelled. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to California Civil Code Section 1654 as may be amended from time to time, or any other state law, or common law principle) shall not apply to the interpretation of this Agreement.

Section 8.17 Survival. All of the representations and warranties in this Agreement shall survive until the expiration of the Term of this Agreement and payment of the Note, except to the extent that a representation or warranty expressly provides otherwise

Section 8.18 Patriot Act. Borrower represents and warrants that Borrower is not now, nor has it ever been, named on: (i) the list of Specifically Designated Nationals and Blocked Persons established pursuant to Executive Order 13224 and maintained by the U.S. Department of Treasury's Office of Foreign Assets Control or any successor agency or other entity; or (ii) any other list of terrorists or terrorist organizations maintained by any agency of the United States or any other governmental authority. Borrower shall submit such information as Lender may reasonably request to enable Lender to confirm that Borrower is not named on any such list

Section 8.19 Signs and Public Relations. Borrower shall acknowledge the participation of Lender in the financing of the Development in all major signs erected at the Development, major press releases, and major promotional materials relating to the Development. In the event Borrower elects not to erect a sign at the Property acknowledging the participation of Lender and others in the Development, Lender shall be permitted to supply a sign, which Borrower shall install and maintain in a conspicuous location at the Property. Lender reserves the right to include the name, photograph, and artistic rendering of the Development, and other information concerning Borrower and the Development, in Lender's promotional literature and other communications.

Section 8.20 Records. The outstanding principal balance of the Loan and the unpaid interest accrued thereon shall at all times be ascertained from the records of Lender, which shall be conclusive evidence thereof, absent manifest error.

Section 8.21 Further Assurances. At any time upon, and from time to time upon request by Lender, Borrower shall do any acts and execute and deliver any documents as may be reasonably requested by Lender to accomplish the purposes of this Agreement or normally required for similar loans by prudent lenders in accordance with reasonable commercial standards.

Section 8.22 Assignment of Loan Documents; Participations. Lender may assign or otherwise transfer its rights under the Loan and the Loan Documents, or sell participations or other interests in the Loan and the Loan Documents, at any time or times, in its sole and absolute discretion, without any prior approval or consent from Borrower; and Borrower agrees that any subsequent owner, holder, or participant will have the rights of Lender provided in the Loan Documents. Lender agrees to notify Borrower of any assignment or transfer, or any participation, within ten (10) Business Days after the effective date thereof; provided, however, that the failure to give such notice shall not invalidate in any way any assignment, transfer, or participation. Lender may disclose to any actual or prospective assignee or transferee of the Loan, or any actual or prospective purchaser of a participation or other interest in the Loan, any financial or other information or materials in the possession of Lender relating to Borrower or its affiliates, or to the Loan or the Development, at any time or times, without any prior approval or consent from Borrower.

Section 8.23 Time. Time is of the essence in this Agreement. All references to days in this Agreement are calendar days, unless explicitly referenced as a "Business Day." The number of days specified in any provision of this Agreement shall be counted by excluding the first day and including the last day, unless the last day is a Saturday, a Sunday, or a legal holiday, in which case it shall be excluded. Any act required by this Agreement to be performed by a certain day is timely performed if completed before 5:00 p.m. local time on that date. If the day for performance of any obligation under this Agreement is a Saturday, a Sunday, or a legal holiday, then the time for performance of that obligation is extended to 5:00 p.m. local time on the first day following that is not a Saturday, Sunday, or legal holiday. As used in this section, "legal holiday" means the days designated as "holidays" in Civil Code Section 7.

Section 8.24 Multiple Originals; Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Remainder of Page Left Intentionally Blank

WHEREAS, this Agreement has been entered into by the Parties as of the Effective Date.

LENDER:

THE SAN FRANCISCO HOUSING
ACCELERATOR FUND, a California nonprofit
public benefit corporation

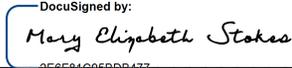
By: _____
Rebecca Foster, Executive Director

[Borrower Signature on Next Page]

BORROWER:

1000 SUTTER LLC,
a California limited liability company

By: ECS HOUSING CORPORATION,
a California nonprofit public benefit corporation
Its Sole Member

By: 

Mary Elizabeth Stokes
its President

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

BEGINNING at the point of intersection of the Northerly line of Sutter Street with the Westerly line of Hyde Street; running thence Northerly along said line of Hyde Street 77 feet and 6 inches; thence at a right angle Westerly 117 feet and 6 inches; thence at a right angle Southerly 77 feet and 6 inches to the Northerly line of Sutter Street; thence at a right angle Easterly along said line of Sutter Street 117 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 308 Assessor's Lot 005, Block 0279

EXHIBIT B

SCOPE AND SCHEDULE OF REHABILITATION

Project Schedule

- Acquisition Loan Closing: 11/13/20
- Lease-up commencement: immediately after closing, but lease-up must proceed at a pace that achieves at least 50% occupancy no later than 2/21/21
- Notice to Proceed with Rehab Construction: 12/15/20
- Construction Completion: 11/13/22
- MOHCD Take-out Closing & HAF Loan Repayment: 2/13/23

Rehabilitation Scope

See attached cost estimated dated 11/02/20 prepared by BBI Construction for 1000 Sutter Street, which describes the scope and estimated costs for the rehabilitation.

EXHIBIT C

[Intentionally Omitted.]

EXHIBIT D

APPROVED BUDGET

[See attached]

The Granada		PROJECT DEVELOPMENT BUDGET		
For projects requesting pre-development funding via Homekey, include information for acquisition period financing and development expenses only.				
DEVELOPMENT COST	Total Project Costs	Residential Costs	Commercial Costs	
LAND COST/ACQUISITION				
Land and Improvements	\$46,000,000	\$46,000,000		
Demolition	\$0			
Total Land Cost / Acquisition Cost	\$46,000,000	\$46,000,000		\$0
REHABILITATION				
Site Work	\$180,000	\$180,000		
Structures - units	\$6,773,981	\$6,773,981		
Structures - program space	\$1,640,475	\$1,640,475		
Structures - common area-MEP	\$2,288,698	\$2,288,698		
Structures - GC contingency	\$1,361,712	\$1,361,712		
General Requirements	\$1,710,000	\$1,710,000		
Contractor Overhead	\$0			
Contractor Profit	\$1,497,838	\$1,497,838		
Prevailing Wages	\$0			
General Liability Insurance/Bond	\$772,420	\$772,420		
Other: Environmental Remediation	\$400,000	\$400,000		
Other: Modular Unit	\$0			
Other: Seismic	\$12,370,820	\$12,370,820		
Other:	\$0			
Total Rehabilitation Costs	\$28,995,944	\$28,995,944		\$0
Total Relocation Expenses	\$0	\$0		
ARCHITECTURAL FEES				
Design	\$667,600	\$667,600		
Supervision	\$212,400	\$212,400		
Total Architectural Costs	\$880,000	\$880,000		\$0
Total Survey & Engineering	\$90,000	\$90,000		
CONSTRUCTION INTEREST & FEES				
Construction Loan Interest	\$1,358,057	\$1,358,057		
Origination Fee	\$371,852	\$371,852		
Title & Recording	\$46,760	\$46,760		
Taxes	\$1,429,003	\$1,429,003		
Insurance	\$550,000	\$550,000		
Other: (Specify)	\$0			
Total Construction Interest & Fees	\$3,755,672	\$3,755,672		\$0
PERMANENT FINANCING				
Other: (Specify)	\$0			
Other: (Specify)	\$0			
Total Permanent Financing Costs	\$0	\$0		\$0
LEGAL FEES				

Legal Paid by Applicant	\$85,000	\$85,000	
Total Attorney Costs	\$85,000	\$85,000	\$0
<i>RESERVES</i>			
Operating Reserve	\$796,339	\$796,339	
Replacement Reserve	\$232,000	\$232,000	
Total Reserve Costs	\$1,028,339	\$1,028,339	\$0
<i>CONTINGENCY COSTS</i>			
Construction Hard Cost Contingency	\$4,008,900	\$4,008,900	
Soft Cost Contingency	\$137,000	\$137,000	
Total Contingency Costs	\$4,145,900	\$4,145,900	\$0
<i>OTHER PROJECT COSTS</i>			
Environmental Audit	\$75,000	\$75,000	
Local Development Impact Fees	\$0		
Permit Processing Fees	\$582,000	\$582,000	
Furnishings	\$484,000	\$484,000	
Accounting/Reimbursable	\$30,000	\$30,000	
Appraisal Costs	\$6,000	\$6,000	
Other: Construction Management	\$108,000	\$108,000	
Other: Start up costs	\$190,000	\$190,000	
Other: Special Inspections	\$40,000	\$40,000	
Other: DD Misc	\$50,000	\$50,000	
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Other Costs	\$1,565,000	\$1,565,000	\$0
SUBTOTAL PROJECT COST	\$86,545,855	\$86,545,855	\$0
<i>DEVELOPER COSTS</i>			
Developer Overhead/Profit	\$1,000,000	\$1,000,000	
Total Developer Costs	\$1,000,000	\$1,000,000	\$0
TOTAL PROJECT COST	\$87,545,855	\$87,545,855	\$0

EXHIBIT E

FORM OF WORK AUTHORIZATION LETTER

SFHAF LETTERHEAD

[DATE]

[BORROWER NAME AND ADDRESS]

Via Electronic Mail and FedEx

Re: Work Authorization Letter

Ladies and Gentlemen:

This Work Authorization Letter is delivered to 1000 SUTTER LLC, a California limited liability company (the “Borrower”), pursuant to Section 8.7 of that certain loan agreement dated as of November , 2020 (the “Agreement”) between the Borrower and The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation (the “Lender”). Capitalized terms used, but not defined, in this Work Authorization Letter have the meanings set forth in the Agreement.

In accordance with Section 3.6 of the Agreement, the Lender hereby agrees to the amendment of the scope of Rehabilitation, as more particularly set forth in Attachment #1 to this Work Authorization Letter. To the extent applicable, in accordance with Section 3.7 of the Agreement, the Lender hereby approves of the applicable Change Order(s) necessary to implement the amended scope of Rehabilitation as set forth in Attachment #1. In accordance with Section 3.9 of the Agreement, the Lender hereby approves of the amendment to the Approved Budget, as more particularly set forth in Attachment #2 to this Work Authorization Letter.

Following delivery of this Work Authorization Letter to Borrower, all references in the Agreement to the scope of Rehabilitation shall be deemed to be the scope of Rehabilitation as set forth on Attachment #1, and all references in the Agreement to the Approved Budget shall be deemed to be the Approved Budget as set forth on Attachment #2. The existing Exhibit B to the Agreement is hereby deleted and replaced with Attachment #1. The existing Exhibit D to the Agreement is hereby deleted and replaced with Attachment #2. Attachment #1 and Attachment #2 are hereby incorporated into the Agreement by this reference.

In accordance with Section 8.15 of the Agreement, nothing in this Work Authorization Letter shall be deemed to waive, limit, or otherwise impair all of the Borrower's obligations under the Agreement or any of the other Loan Documents, or waive any rights or remedies of the Lender under the Agreement or any of the other Loan Documents.

If you have any questions regarding this Work Authorization Letter, please call or e-mail
_____ at _____ or _____.

Sincerely,

THE SAN FRANCISCO HOUSING
ACCELERATOR FUND

Rebecca Foster
Executive Director

Attachment #1
Attachment #2

EXHIBIT F

[Intentionally Omitted.]

EXHIBIT G

[Intentionally Omitted.]

EXHIBIT H

[Intentionally Omitted.]

EXHIBIT I

ENVIRONMENTAL REPORTS

1. Letter from the San Francisco Department of Public Health Environmental Health Section to Hans Geiszler, Sutter Street SF LLC, "Preliminary Site Investigation Report Review, 1000 Sutter Street, San Francisco, CA 94109, SFDPH LOP Case Number 12172", September 22, 2020;
2. Golden Gate Tank Removal, Tim Hallen, General Manager, "Underground Storage Tank Closure In Place Report, 1000 Sutter Street, San Francisco, California 94109, Job No. 9768", July 20, 2020;
3. ACC Environmental Consultants, "Phase I Environmental Site Assessment Report, 1000 Sutter Street, San Francisco, California 94109, Project Number 4105-001.00", October 23, 2020;
4. ACC Environmental Consultants, "Phase II Environmental Assessment Report, 1000 Sutter Street, San Francisco, California 94109, Project Number 4105-001-01," November 5, 2020 and all updates thereto;
5. ACC Environmental Consultants, email dated November 10, 2020 with additional Air Sampling Data;
6. Wheeler Group Environmental LLC, "Preliminary Site Investigation Report, Commercial Property, 1000 Sutter Street, San Francisco, California 94109, APN Block 0279 Lot 005, SFDPH-LOP Site Code 12172, GeoTracker Global ID No. T10000013693", Project No. 2019117, August 26, 2020; and.
7. All sampling reports from Air Technology Laboratories Inc. with respect to the Property.

AMENDED AND RESTATED LOAN AGREEMENT

**(CITY AND COUNTY OF SAN FRANCISCO
GENERAL FUNDS)**

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, represented by the Mayor,
acting by and through the Mayor's Office of Housing and Community Development,

and

1000 Sutter LLC
A California limited liability company

for

1000 Sutter (Granada Hotel)
\$71,125,575
General Funds: \$10,000,000.00
Our City Our Home (COH) Funds: \$61,125,575

Dated as of _____

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* * * * *

EXHIBITS

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- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
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- C Form of Tenant Income Certification
- D Reserved
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- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Reserved
- N Reserved
- O MOHCD Residual Receipts Policy

AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco
Our City, Our Home Funds; General Funds)
(1000 Sutter)

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of _____, 2024, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and 1000 Sutter LLC, a California limited liability company ("Borrower").

RECITALS

A. As part of the FY20-22 Budget and Appropriation Ordinance, the San Francisco Board of Supervisors appropriated funds from the City's General Fund to the Department of Homelessness and Supportive Housing ("HSH") for the acquisition and funding of permanent supportive housing for formerly homeless households. The City is authorized by this ordinance to provide a portion of the funds under this Agreement (the "General Fund") to Borrower for the acquisition of permanent supportive housing. HSH previously provided such funds to MOHCD for purposes of this Agreement. The funds provided from the General Fund under this Agreement shall be referred to herein as the "General Funds."

B. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 ("OCOH Fund"). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund under this Agreement shall be referred to herein as the "OCOH Funds," and together with the General Funds, collectively, the "Funds."

C. City and Episcopal Community Services of San Francisco ("ECS") were co-applicants for a grant from the State of California Housing and Community Development ("HCD") under the Homekey Program in the amount of approximately Forty-Seven Million Eight Hundred Fifty Five Thousand Dollars and No/100 Dollars (\$47,855,000.00) ("HCD Funds"). The City and ECS were awarded the HCD Funds on _____, 2020, and executed a standard agreement with HCD dated November 11, 2020. Using the HCD Funds, Borrower acquired a fee interest in the real property located at 1000 Sutter Street, San Francisco, California (the "Site").

D. Borrower obtained a bridge loan from the San Francisco Housing Accelerator Fund ("SFHAF") in the amount of Sixty-Three Million, One Hundred Ninety-One Thousand,

Seventy-One and No/100 Dollars (\$63,191,071.00) (“Bridge Loan”) to rehabilitate a 214-unit single room occupancy residential hotel on the Site (the “Improvements”), consisting of 212 units as permanent supportive housing for formerly homeless households and two managers’ units, which is known as the Granada Hotel (the “Project”). The maximum income and rent requirements set forth in **Exhibit A** shall remain in effect even if the operating subsidy is no longer available to the Project.

E. The City previously made a loan of General Funds (“Original Loan”) to the Borrower in the amount of Ten Million and No/100 Dollars (\$10,000,000.00) (the “Original Loan Amount”) under that certain Loan Agreement dated as of October 30, 2020 (the “Original Loan Agreement”) to fund certain costs related to the Site. The Original Loan was evidenced by the following: (1) Secured Promissory Note dated October 30, 2020, in the principal amount of the Original Loan Amount made by Borrower to the order of the City (“Original Note”); (2) Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated November 13, 2020, executed by Borrower for the benefit of the City, and recorded on November 13, 2020, in the Official Records (defined below), as Document No. 2020048499 (“Original Deed of Trust”); and Declaration of Restrictions and Affordability Covenants dated November 13, 2020, executed by Borrower for the benefit of the City, and recorded on November 13, 2020, in the Official Records (defined below), as Document No. 2020048496 (“Declaration of Restrictions”).

F. The Bridge Loan was evidenced by the following: (1) Loan Agreement dated on or about November 13, 2020, as amended by that certain First Extension and Modification Agreement dated January 25, 2022 (the “First Amendment”) and that certain Second Extension and Modification Agreement dated February _____, 2024 (collectively, the “SFHAF Loan Agreement”); (2) Second Amended and Restated Promissory Note in the amount of \$63,191,071.00 executed by Borrower in favor of the Lender on _____, 2024 (the “SFHAF Note”); and (3) Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing recorded on November 13, 2020, in the Official Records as Document No. 2020048497 against the Site, as amended by that certain Corrected First Amendment to Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing executed by Borrower on January 25, 2022 and recorded on February 22, 2022 in the Official Records as Document No. 2022018164 and that certain Second Amendment to Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing executed by Borrower on _____, 2024 and recorded on _____, 2024 in the Official Records as Document No. _____ (collectively, the “SFHAF Deed of Trust”). In connection with the SFHAF Loan, ECS executed and delivered to SFHAF a Repayment Guaranty and a Completion Guaranty (collectively, the “Guaranties”). The SFHAF Loan Agreement, SFHAF Note, SFHAF Deed of Trust, and the Guaranties are collectively referred to as the “SFHAF Loan Documents.”

G. The Citywide Affordable Housing Loan Committee reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, recommended to the Mayor that the City purchase the SFHAF Loan to reduce the interest carry costs, and upon completion of rehabilitation of the Project, consolidate and recast the SFHAF Loan and Original Loan under a single loan of Funds to Borrower (the “Loan”) in the amount of **Seventy-One Million One Hundred Twenty-Five Thousand, Five Hundred Seventy-Five and No/100 Dollars (\$71,125,575.00)** (the “Funding Amount”) under this Agreement to fund

permanent financing of the Project. On _____, the City’s Board of Supervisors and the Mayor approved the City’s purchase of the SFHAF Loan and permanent financing of the Project under this Agreement by Resolution No. _____.

H. On _____, 2024, the City acquired the Bridge Loan and was assigned the SFHAF Loan Documents from SFHAF under that certain Loan Purchase Agreement dated _____, 2024, as evidenced by the following: (1) Allonge dated _____, 2024, executed by SFHAF; and (2) Assignment of Loan Secured by Deed of Trust dated _____, 2024, executed by SFHAF and City, and recorded in the Official Records on _____, 2024 as Document No. _____.

I. On the Agreement Date, this Agreement will amend, restate, supersede, and replace the Original Loan Agreement and the SFHAF Loan Agreement. Concurrently herewith, Borrower will (i) execute an amended and restated promissory note in the amount of the Funding Amount in favor of the City to supersede and replace the Original Promissory Note and the SFHAF Note, (ii) execute and record a new deed of trust to secure such amended and restated note, and (iii) execute and record a new declaration of restrictions to comply with Homekey requirements. As of the Agreement Date, City will cancel and return the Original Note and the SFHAF Note, reconvey the Original Deed of Trust and the SFHAF Deed of Trust, and terminate the Guaranties.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts must be maintained in accordance with **Section 2.3**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3**.

“Annual Operating Budget” means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means 1000 Sutter, LLC, a California limited liability company, whose managing member is Episcopal Community Services Housing Corporation, a California public benefit corporation.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust (if the Site is acquired by Borrower), the Declaration of Restrictions (if the Site is acquired by Borrower) and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described by CNA Policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"Conversion Date" means the date the Deed of Trust is recorded in the Official Records.

“DBI” means the San Francisco Department of Building Inspection.

"Declaration of Restrictions" means a recorded amended and restated declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 (“NEPA”) (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Federal Funding" means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital G**.

"Funds" has the meaning set forth in **Recital B**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"Hold Harmless Policy" means the Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

"Homeless" means an individual or a family who lacks a fixed, regular, and adequate nighttime residence and who has a primary nighttime residence in one or more of the following categories: (a) Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations; (b) Anyone displaced from housing due to a disaster situation; (c) Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass; (d) Anyone staying in a car, van, bus, truck, RV, or similar vehicle; (e) Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings; (f) Anyone staying with friends and/or extended family members (excluding parents and children) because they are otherwise unable to obtain housing; (g) Any family with children staying in a Single Room Occupancy (SRO) hotel room (whether or not they have tenancy rights); (h) Anyone staying in temporary housing for less than 6 months where the accommodations provided to the person are substandard or inadequate (for example, in a garage a very small room, or an overly crowded space); (i) Anyone staying in a Single Room Occupancy (SRO) hotel room without tenancy rights; (j) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing; or (k) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who has obtained and resided in supportive housing or permanent housing for less than 30 days.

“Homeless Household” means a household that meets the referring agency’s definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the LOSP Grant Agreement.

“HSH” means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnitee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

“Life of the Project” means the period of time in which the Project continues to operate as a group housing project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Loan" has the meaning set forth in **Recital G**.

“Local Operating Subsidy” means an operating subsidy provided to Borrower by the City, the amount of which is sufficient to permit Borrower to operate the Project in accordance with the terms of this Agreement with Qualified Tenants at income levels specified by MOHCD in writing which are below those set forth in **Exhibit A**.

"Local Operating Subsidy Program" or “LOSP” means the program administered by MOHCD that regulates the distribution of Local Operating Subsidy.

“LOSP Grant Agreement” means that certain Grant Agreement dated January 8, 2021, by and between the City and Borrower in the amount of Forty-Nine Million, Three-Hundred Eighty-Seven Thousand, Two Hundred Seventy-Four and No/100 Dollars (\$49,387,274.00), as it may be amended from time to time, and any successor agreement related to the delivery of Local Operating Subsidy to the Project.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Manager" means ECS Housing Corporation, a California nonprofit public benefit corporation.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, derived in part from the income limits and area median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"Note" means the amended and restated promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount.

"Official Records" means the official records of City and County of San Francisco.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Payment Date" means the first May 1st following the Conversion Date and each succeeding June 30th until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Preferences and Lottery Manual" means MOHCD's Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

"Preferences Ordinance" means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital C**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred

in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any property managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); Project Fees are not Project Expenses.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount and payments made under the LOSP Grant Agreement are not Project Income.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Residual Receipts must be based on figures contained in audited financial statements.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" has the meaning set forth in **Recital C**.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

"Tenant Screening Criteria Policy" has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

"20-Year Cash Flow Proforma" means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

"Waiting List" has the meaning set forth in **Section 6.5**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order for the Borrower to consolidate the Original Loan and the SFHAF Loan into a single Loan for permanent financing of the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition, Borrower must provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion. Borrower will satisfy the following conditions before applying to the City for additional financing:

a) provide a comprehensive maintenance and operating plan for the Project that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

ARTICLE 3 TERMS.

Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the fifty fifth (55th) anniversary of the date the Deed of Trust is recorded in the Official Records (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continue for the Life of the Project, but no less than fifty-five (55) years (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. The outstanding principal balance of the Loan will bear no interest, as provided in the Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. The outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or material adjustments (other than regular annual adjustments) in funding under Shelter + Care, Section 8 or similar programs.

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this

Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make a single disbursement not to exceed the closing costs related to the Loan to or for the escrow account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Amended and Restated Note; (ii) this Agreement (in duplicate if requested); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) a Certificate of Good Standing from the Secretary of State; (vi) the Authorizing Resolutions; (vii) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City Borrower's Charter Documents.

(c) Borrower must have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(d) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the Official Records, subject only to the Permitted Exceptions concurrently with the Closing.

(e) The Escrow Agent must have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

(f) All conditions under the MOHCD commitment letter dated _____, 2024, for permanent financing under this Agreement must have been satisfied.

(g) Borrower must have delivered to the City certificates of insurance and any required endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

4.4 Disbursement of Funds. Following satisfaction of the Closing conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds in accordance with the escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follows:

(a) Borrower will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, Borrower will obtain the City's prior written approval for all requested reallocations of Funds for line items previously approved by the City.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

4.6 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no

event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 RESERVED.

ARTICLE 6 MARKETING.

This Article will apply only if the LOSP Agreement or any other HSH operating subsidy for the Project is terminated.

6.1 Marketing and Tenant Selection Plan. No later than sixty (60) days after written request from the City, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City.

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above must take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

(i) Borrower must use access points and accept referrals from HSH, or its successor agencies.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria must comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower must keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this **Article 7** will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

7.2 Borrower's Covenant.

(a) The City acknowledges that at the time of acquisition, seventy-three (73) units in the Project were occupied and not all existing tenants may qualify as Qualified Tenants (a "Non-Qualified Tenant"). Borrower may charge any Non-Qualified Tenant a market-rate rent, but will maintain rent levels to ensure any tenants as of the Agreement Date are not displaced. Borrower covenants that as a Non-Qualified Tenant vacates a unit, Borrower shall rent the vacated unit to a Qualified Tenant. Borrower covenants to rent all Units (except two Units reserved for the manager of the Project and those units currently occupied by Non-Qualified Tenants) to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, during the period in which the LOSP Program is in operation and the City provides the LOSP subsidy to the Project and once all Non-Qualified Tenants have vacated their units, Two Hundred Thirty (212) Units must be rented to formerly homeless households as prioritized through the City's Coordinated Entry System .

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in this **Article 7**.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed reasonably necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at Borrower's principal office, and Borrower must file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities. Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. MOHCD acknowledges that Borrower will receive an operating subsidy from HSH under a LOSP grant agreement with MOHCD. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved Caritas Management Corporation as Borrower's management agent, subject to approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1**.

8.4 Damage and Destruction.

(a) If the Project or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Borrower under this Agreement, Borrower will promptly commence and diligently complete the restoration of the Project as nearly as possible to the condition thereof before such damage or destruction; provided, however, that if more than fifty percent (50%) of the Project is destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Borrower, with the prior written consent of the City, may elect to not restore the Project. If Borrower is required or elects to restore the Project, then all proceeds of any policy of insurance required to be maintained by Borrower under this Agreement will, subject to any applicable rights of Borrower's secured lenders, be used by Borrower for that purpose and Borrower will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Borrower elects not to restore the Project as provided under this Section 8.4(a), or, then the insurance proceeds will be divided in the order set forth in **Section 8.4(c)** below.

(b) If (i) more than 50% of the Project is damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Agreement; and (ii) in the reasonable opinion of Borrower, the undamaged portion of the Project cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Borrower any feasible source of third party financing for restoration reasonably acceptable to Borrower; then Borrower may, with the prior written consent of the City, elect not to restore the Project. If it appears that the provisions of this **Section 8.4(b)** may apply to a particular event of damage or destruction, Borrower will notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld or delayed. If Borrower elects not to restore the Project under this **Section 8.4(b)**, then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Borrower, and any secured lenders in accordance with the provisions of **Section 8.4(c)**. If Borrower is obligated to restore the Project as a result of an uninsured or underinsured casualty, then Borrower will promptly commence and diligently complete the restoration of the Project as nearly as possible to their condition before the damage or destruction in accordance with the provisions of **Section 8.4(a)** and will, subject to any applicable rights of secured lenders, be entitled to all available insurance proceeds to do so.

(c) If Borrower elects not to restore the Project as provided in either **Sections 8.4(a) or 8.4(b)**, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Borrower hereunder will be as follows: First to the City and any other secured lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective leasehold mortgages and applicable Law; and Second, the remainder to Borrower.

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City. Such access will take into account any required notice to tenants prior to accessing any Units.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Reserved.

10.3 Annual Reporting.

(a) From and after the Conversion Date, Borrower must file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

(b) If the source of Funds is Federal Funding, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower must deliver to MOHCD an updated CNA every five (5) years after the Conversion Date for approval.

10.5 Reserved.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower must provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.6** and **10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that following reasonable written notice a duly authorized representatives of the City will have:

(a) access to the Project throughout the Compliance Term to monitor the progress of work on the

Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to the City upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than the Conversion Date, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Borrower must make an initial deposit into the Replacement Reserve Account in an amount equal to \$350 per Unit or if the Replacement Reserve is already funded, Borrower shall deposit such sufficient funds to bring the Replacement Reserve to an amount no less than \$350 per Unit. Thereafter, monthly deposits must equal the higher of (i) the amount needed under Borrower's approved CNA; or (ii) 1/12th of \$350 per unit per year.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve

the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 RESERVED.

ARTICLE 15 DEVELOPER FEES

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed One Million and No/100 Dollars (\$1,000,000.00) for rehabilitation of the Project (“Developer Fees”), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer. .

15.2 Fee Payment Schedule. Developer is entitled to a Developer Fee of \$1,000,000.. Developer acknowledges prior receipt of \$700,000 of the Developer Fee paid at construction loan closing and identified as a project management fee. The remaining \$300,000 of Developer Fee is at risk and is payable after all other construction costs have been paid.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the Conversion Date until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to

or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. Notwithstanding the foregoing in this Section 17.2, Borrower's indemnity obligations hereunder shall not extend to any liability relating to any existing condition disclosed to the City pursuant to Section 18.1 below, provided that Borrower has complied with any mitigation and/or monitoring plans.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee must give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower must seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the [Phase I Environmental Site Assessment completed on October 23, 2020 by ACC Environmental Consultants and a Phase II ESA completed on November 24, 2020 by ACC Environmental Consultants or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

18.3 Survival. Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify City hereunder shall survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower's obligation under the City Documents.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and Borrower has failed to complete the repair, restoration or replacement of the improvements in accordance with the requirements of this Agreement within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) Without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project and which alternative sources of services funding or rental subsidy are not obtained within one hundred eighty (180) days of the material change; or

(m) Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(n) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement, including, but not limited to, the City taking possession of the Project through a court-appointed receiver, or directly if approved by the court, to enter into contracts and/or take any other action the City deems appropriate.

(e) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(f) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events,

and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

19.4 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(g) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To the City: City and County of San Francisco
 c/o Mayor's Office of Housing and Community Development
 1 South Van Ness Avenue, 5th Floor
 San Francisco, CA 94103
 Attn: Director

To Borrower: 1000 Sutter LLC
 c/o Episcopal Community Services of San Francisco
 165 Eighth Street
 San Francisco, CA 94103
 Attn: Executive Director

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. In no event will the Declaration of Restrictions be subordinated to any lien.

22.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party

beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

22.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

22.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

22.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

22.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

22.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

22.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Reserved.

22.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

22.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

22.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

22.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

22.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

22.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

22.23 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D Reserved
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Reserved
- N Reserved
- P MOHCD Residual Receipts Policy

SIGNATURES ON THE NEXT PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

By: _____
Daniel Adams
Director, Mayor's Office of
Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

BORROWER:

1000 Sutter LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Name: Mary Elizabeth Stokes
Title: President

EXHIBIT A
Schedules of Income and Rent Restrictions

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

Unit Size	No. of Units	Maximum Income Level
SRO	212	50% of MOHCD Median Income
SRO	2	Manager (unrestricted)

In addition, all Units (except the managers' units), once vacated and approved as habitable by DBI, will be made available to chronically Homeless Households or those at risk of homelessness during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

2. **Rent and Utilities.** The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

3. Under the Standard Agreement with HCD for Homekey funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed fifty percent (50%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of fifty percent (50%) of Median Income (b) less utility allowance. In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by any other agreement. Borrower

covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

EXHIBIT B-1
Table of Sources and Uses of Funds

EXHIBIT B-2
Annual Operating Budget

EXHIBIT B-3
20-Year Cash Flow Proforma

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

EXHIBIT D
RESERVED

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage in accordance with Administrative Code Section 6.22(e)(3) to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

2. Environmental Review. The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower must provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Reserved.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Shall Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.]

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project

that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on

any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it shall comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower's obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Borrower or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation,

established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT F
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

1000 Sutter, LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Mary Elizabeth Stokes
Title: President

Exhibit F

DATE: _____

Exhibit F

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

Exhibit G

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2**; **Unruh Civil Rights Act, Civil Code § 51**; **California Disabled Persons Act, Civil Code § 51.4**; Dymally-Alatorre Bilingual Services Act, Gov't Code **§7290-7299.8**; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

Exhibit I

EXHIBIT J

Developer Fee Policy

[To be attached]

Exhibit J

EXHIBIT K

Hold Harmless Policy

[To be attached]

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. **Liability Insurance.** Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit M
Reserved

EXHIBIT N
Reserved

Exhibit N

EXHIBIT O
Residual Receipts Policy

[To be attached]

AMENDED AND RESTATED SECURED PROMISSORY NOTE

(Affordable Housing Bond Program
General Funds/Our City Our Home Funds)

Principal Amount: \$71,125,575

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **1000 SUTTER LLC**, a California limited liability company ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Seventy-One Million, One Hundred Twenty-Five Thousand, Five Hundred Seventy-Five and No/100 Dollars (\$71,125,575.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement.

1.1 Pursuant to a Loan Agreement dated November 13, 2020, by and between Holder and Maker (the "Original Loan Agreement"), Holder previously made a loan of \$10,000,000.00 to Maker (the "Original Loan") related to the Site (as defined in the Agreement). The Original Loan was further evidenced by a Secured Promissory Note dated October 30, 2020 ("Original Note"). In addition, Holder purchased Maker's bridge loan in the amount of \$63,191,071.00 ("SFHAF Loan") from the San Francisco Housing Accelerator Fund pursuant to that certain Loan Purchase Agreement dated _____, 2024, and assumed that certain Second Amended and Restated Promissory Note in the amount of the SFHAF Loan ("SFHAF Note"). Holder has agreed to consolidate and recast the Original Loan and the SFHAF Loan into a single Loan of Funds not to exceed the Funding Amount for the purpose of permanently financing the Project.

1.2 This Amended and Restated Secured Promissory Note ("Note") is given under the terms of an Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement And Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control. Upon execution and delivery of this Note to Holder, the Original Note and the SFHAF Note shall each be canceled, marked paid, and returned to Maker

2. Interest. Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect

any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Conversion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the fifty-fifth (55th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note will be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date

by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

1000 Sutter LLC,
a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Name: Mary Elizabeth Stokes
Title: President

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
APN#: 0279/005
Address: 1000 Sutter Street, San Francisco, CA 94109

No fee document pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**AMENDED AND RESTATED DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING
COVENANTS** (this "Declaration") is dated as of _____, 2024, and is between the
CITY AND COUNTY OF SAN FRANCISCO, represented by the Mayor, acting through the
Mayor's Office of Housing and Community Development (the "City") and **1000 SUTTER LLC**, a
California limited liability company ("DECLARANT").

RECITALS

A. Unless otherwise defined herein, capitalized terms used herein are defined in Article 1 of this Declaration.

A. The California Department of Housing and Community Development (the "Department") issued a Notice of Funding Availability ("NOFA") for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines ("MHP Guidelines"), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund ("CRF") money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

B. The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

C. The City and Episcopal Community Services of San Francisco ("ECS") received Homekey Program award in the amount of \$47,854,020.00 (the "Homekey Grant"). The City and ECS intend to use the Homekey Grant to provide Permanent Housing for the Target Population.

D. HCD, the City and ECS entered into a Standard Agreement No. 20-HK-00024 dated as of January 8, 2021, (the "Standard Agreement"), which sets out the obligations of the City, ECS, and DECLARANT in the use of the Homekey Grant.

E. ECS Housing Corporation, a California nonprofit corporation and an entity related to ECS, formed DECLARANT, of which ECS Housing Corporation is the sole manager/member, to perform the obligations of the County and ECS under the Standard Agreement.

F. DECLARANT owns that certain real property located at 1000 Sutter Street, San Francisco, California, as more particularly described in Exhibit A (the "Property"), consisting of a 214-unit multifamily residential building (single resident occupancy hotel) for permanent supportive housing of the Target Population (excluding a manager's unit).

G. The City has made a loan in the amount of \$71,125,575.00 to DECLARANT to assist DECLARANT refinance a construction loan and provide permanent financing for the Project (the "Loan"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and DECLARANT dated as of _____, 2024, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration.

H. The Parties intend that the Department is an intended third-party beneficiary of this Declaration.

NOW, THEREFORE, in consideration of the foregoing recitals, incorporated herein by this reference, and the covenants and promises contained in this Declaration, the receipt and sufficiency of which are hereby acknowledged, the City and DECLARANT agrees as follows:

Article I. DEFINITIONS

Section 1.01 Definitions. When used in this Restated Declaration, the following terms have the following meanings:

(a) "Assisted Units" shall mean the 212-unit of permanent supportive housing made available to the Target Population.

(b) "ECS" means Episcopal Community Services of San Francisco, a California nonprofit public benefit corporation.

(c) "Effective Date" means the date that this Declaration is recorded in the Official Records of the City and County of San Francisco.

(d) "HCD" means the State of California Department of Housing and Community Development.

(e) "Non-Qualified Tenant" means an existing tenant of the Project that does not qualify as a Qualified Tenant.

(f) "Project" means the Property and the 214-unit total units composed of 212-unit Assisted Units and two (2) managers' units, and attendant site improvements thereon.

(g) "Qualified Tenant" means a household who is a member of the Target Population earning no more than the maximum permissible annual income level specified in Section 2.07 of this Agreement.

(h) "Target Population" means individuals and families who are "homeless" or "at risk of homelessness," as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

(i) "Term" means the term of this Restated Declaration which shall commence on the Effective Date and shall continue for the Life of the Project, but no less than fifty-five (55) years from the Effective Date.

Article II. OPERATION OF THE PROJECT

Section 2.01 Residential Use. During the Term of this Declaration, 212-units shall be used as permanent supportive housing available for occupancy to the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, DECLARANT shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

Section 2.02 Covenants to Run with the Land. The provisions of this Declaration shall run with the land and shall bind all successors in title to the Project and bind successors and assigns of DECLARANT and any non-borrower owner of the Property to provide 212 units for Permanent Supportive Housing; provided, however, that on the expiration of the Term, said covenants and restrictions shall expire.

Section 2.03 Term. The term of this Declaration which shall commence on the Effective Date and shall continue for Life of the Project, but no less than fifty-five (55) years from the Effective Date for any obligation related to the Assisted Units under the Homekey Grant.

Section 2.04 Accessibility. The Project will be operated at all times in compliance with all applicable federal, state, and local disabled persons accessibility requirements including, but not limited to the applicable provisions of the Standard Agreement.

Section 2.05 Tenant Selection. Referrals to units shall be made through the local Coordinated Entry System ("CES"), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Homekey program requirements.

Section 2.06 Compliance with State and Federal Laws, Rules, Guidelines, and Regulation. DECLARANT agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

Section 2.07 Affordability of the Project. DECLARANT agrees as follows, subject to

additional terms as set forth in the Agreement:

(a) Following a vacancy of a Non-Qualified Tenant after acquisition of the Project, 212 Units in the Project, or the habitable amount approved by the City, will at all times be rented only to tenants who qualify as Qualified Tenants, specifically:

Unit Size	No. of Units	Maximum HCD Income Level	Maximum MOHCD Income Level
SRO	212	30% of Median Income	50% of Median Income with LOSP

In addition, all Units (except the managers' units), once vacated and approved as habitable by the San Francisco Department of Building Inspection, will be made available to the chronically homeless or those at risk of homelessness during the period in which the City's LOSP program is in operation and the City provides such subsidy to the Project, as prioritized through the City's Coordinated Entry System.

(b) The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

(c) Under the Standard Agreement with HCD for Homekey funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of DECLARANT with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose gross income does not exceed the lesser of fifty percent (50%) of MOHCD Median Income or 30% of HCD median income and the monthly rent paid by the Qualified Tenants may not exceed (a) the lesser of thirty percent (30%) of fifty percent (50%) of MOHCD Median Income or thirty percent (30%) of HCD Median Income (b) less utility allowance. In such event, the City will use good faith efforts to meet with DECLARANT within fifteen (15) days after DECLARANT's request to meet. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. Notwithstanding Section 2.05, the requirements of Article 6 of the Loan Agreement shall apply to any units under this Section 2.07(c). The relief provided by the paragraph will not be construed as authorizing DECLARANT to exceed any income or rent restriction imposed on the Project by any other agreement. DECLARANT covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

Section 2.08. Incorporation of Loan Agreement. For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

Section 2.09 Enforcement. If DECLARANT fails to (i) comply with this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in Section 19.1(c) of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in Section 19.2 of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. DECLARANT will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Article III. MISCELLANEOUS

Section 3.01 Governing Law. This Declaration is governed by the laws of the State of California.

Section 3.02 Waiver of Requirements. Any of the requirements of this Declaration may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Declaration shall, or shall be deemed to, extend to or affect any other provision of this Declaration.

Section 3.03 Recording and Filing. The City shall cause this Declaration, and all amendments and supplements to it, to be recorded against the Property in the Official Records of the City and County of San Francisco.

Section 3.04 Amendments. This Declaration may be amended only by a written instrument executed by DECLARANT and the City with the prior written consent of HCD and duly recorded in the Official Records of the City and County of San Francisco.

Section 3.05 Subordination. This Declaration shall be recorded in first lien position. This Declaration may only be subordinated with the approval of HCD.

Section 3.06 Third Party Beneficiaries. The parties acknowledge and agree that the Department of Housing and Community Development is an express third-party beneficiary of this Agreement, that the Department has made the Grant in reliance on this Declaration, and that the Department has a direct right of enforcement against the DECLARANT in the event of the DECLARANT breach, default, or other non-compliance under this Restated Declaration, which right is exercisable in the Department's sole and absolute discretion.

[SIGNATURES ON FOLLOWING PAGE]

DECLARANT

1000 Sutter LLC,
a California limited liability company

By: ECS HOUSING CORPORATION,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: _____

Mary Elizabeth Stokes
Its President

[SIGNATURES TO BE NOTARIZED]

EXHIBIT A

(Legal Description of the Property)

PROPERTY SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING at the point of intersection of the Northerly line of Sutter Street with the Westerly line of Hyde Street; running thence Northerly along said line of Hyde Street 77 feet and 6 inches; thence at a right angle Westerly 117 feet and 6 inches; thence at a right angle Southerly 77 feet and 6 inches to the Northerly line of Sutter Street; thence at a right angle Easterly along said line of Sutter Street 117 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 308

Assessor's Lot 005, Block 0279

Granada Hotel:

Resolution to
purchase HAF loan,
provide construction
financing, and
authorize permanent
loan agreement

Board of Supervisors
Budge and Finance Committee

July 10, 2024



**The Mayor's Office of Housing and
Community Development**

*MOHCD supports residents with affordable
housing opportunities and essential services
to build strong communities.*



File No. 240730

MOHCD Loan Agreement for
\$71,125,575 total local financing
(OCOH and General Funds)

For the purpose of:

- (1) purchasing the existing HAF loan
- (2) providing additional funds to complete construction
- (3) providing permanent financing of the completed building

PROJECT HISTORY - Granada Hotel - 1000 Sutter

July 2020

City of San Francisco submitted its first Homekey application to the State, requesting \$45M in partnership with Episcopal Community Services (ECS) to purchase the existing 214-unit SRO Hotel, rehabilitate the property and convert it into Permanent Supportive Housing

September 2020

Preliminary grant of \$42.3M in Homekey funds awarded

October 2020

SF Board of Supervisors approves the acquisition, including entering into a Standard Agreement for the Homekey award, and provides matching funds via HSH up to \$33M – *preliminary budget produced on a tight timeline without access to the building, to qualify for Homekey funds*

September 2021

Rehabilitation scope and design properly established. Project cost estimate increases from \$87.5M to \$93.4M (+\$5.9M). SFHAF provides a loan upsize and extension based on a letter of support from the Directors of HSH and MOHCD.

PROJECT HISTORY - Granada Hotel - 1000 Sutter

Continued

March 2022

Rehabilitation commences

May 2023

Full galvanized pipe replacement and contingency replenishment expand project scope, cost, and timeline. Citywide Affordable Housing Loan Committee approves an additional \$25M in Our City Our Home (OCOH) funds

July 2023

OCOH funds approved in the FY23-24 budget for a total City commitment of up to \$71,125,575. SFHAF provides a second upside and loan extension

October 2024

SFHAF acquisition/rehabilitation loan expires - **early takeout = interest savings**

January 2025

Expected Temporary Certificate of Occupancy

May 2025

Lease-up expected to complete

PROJECT DETAILS

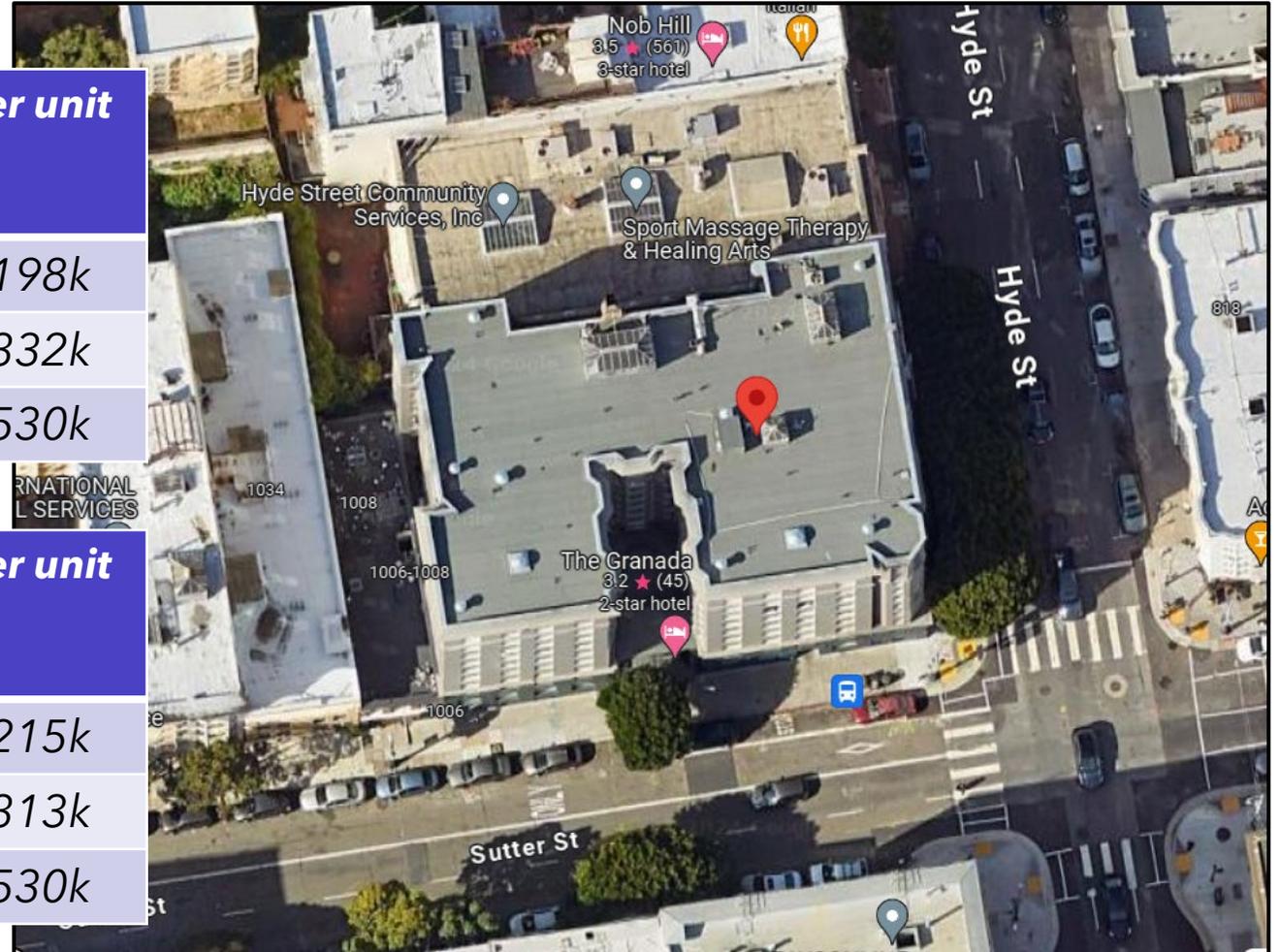
Granada Hotel 1000 Sutter St

- Located in Downtown/Civic Center
- 212 units @ 50% MOHCD AMI
 - 214 units total
 - 2 managers' units
 - Serves adults formerly experiencing homelessness referred through Coordinated Entry
 - 80 existing senior households will transition to PSH upon turnover
 - All SROs

Granada Hotel - 1000 Sutter Street

PERMANENT FINANCING (SOURCES)	Total	Per unit
Homekey Grant (State funds)	\$42M	\$198k
MOHCD/HSH Loan (City funds)	\$71M	\$332k
TOTAL	\$113M	\$530k

PROJECT COSTS (USES)	Total	Per unit
Existing building	\$46M	\$215k
Rehabilitation	\$67M	\$313k
TOTAL	\$113M	\$530k



Thank You

Budget and Finance Committee

July 10, 2024

Episcopal Community Services Project Staff:

Michael Chao, Sidney Stone

MOHCD Project Staff:

Sophie Rubin, Kyra Geithman

HSB Staff:

Emily Cohen, Dylan Schneider



LOAN AGREEMENT

**(CITY AND COUNTY OF SAN FRANCISCO
GENERAL FUNDS)**

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, represented by the Mayor,
acting by and through the Mayor's Office of Housing and Community Development,

and

1000 Sutter, LLC
A California limited liability company

for

1000 Sutter (Granada Hotel)
\$10,000,000.00
General Funds: \$10,000,000.00

Dated as of October 30, 2020

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- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
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- C Form of Tenant Income Certification
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- H Tenant Selection Plan Policy
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LOAN AGREEMENT
(City and County of San Francisco
General Funds)
(1000 Sutter)

THIS LOAN AGREEMENT ("Agreement") is entered into as of October 30, 2020 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and 1000 Sutter, LLC, a California limited liability company ("Borrower").

RECITALS

A. As part of the FY20-22 Budget and Appropriation Ordinance, the San Francisco Board of Supervisors appropriated funds from the City's General Fund to the Department of Homelessness and Supportive Housing ("HSH") for the acquisition and funding of permanent supportive housing for formerly homeless households. The City is authorized by this ordinance to provide a portion of the funds under this Agreement (the "General Fund") to Borrower for the acquisition of permanent supportive housing. HSH will provide such funds to MOHCD for purposes of this Agreement. The funds provided from the General Fund under this Agreement shall be referred to herein as the "Funds."

B. City and Episcopal Community Services of San Francisco ("ECS") are co-applicants for a grant from the State of California Housing and Community Development ("HCD") under the Homekey Program in the amount of approximately Forty Seven Million Eight Hundred Fifty Five Thousand Dollars and No/100 Dollars (\$47,855,000.00) ("HCD Funds"). The City and ECS were awarded the HCD Funds on _____, 2020, and executed a standard agreement with HCD dated _____, 2020.

C. Borrower intends to acquire a fee interest in the real property located at 1000 Sutter Street, San Francisco, California (the "Site") using the HCD Funds. Borrower desires to use the Funds to acquire the Site, including a single room occupancy residential hotel with up to 232 units, as permanent supportive housing for formerly homeless households, which is known as the Granada Hotel (the "Project"). The maximum income and rent requirements set forth in **Exhibit A** shall remain in effect even if the operating subsidy is no longer available to the Project.

D. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of Funds to Borrower (the "Loan") in the amount of **Ten Million and No/100 Dollars (\$10,000,000.00)** (the "Funding Amount") under this Agreement to fund certain costs related to the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts must be maintained in accordance with **Section 2.3**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3**.

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Approved Plans" has the meaning set for in **Section 5.2**.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means 1000 Sutter, LLC, a California limited liability company, whose managing member is Episcopal Community Services Housing Corporation, a California public benefit corporation.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good

standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust (if the Site is acquired by Borrower), the Declaration of Restrictions (if the Site is acquired by Borrower) and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"Completion Date" means the completion of rehabilitation as evidenced by a certificate provided by DBI.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described by CNA Policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"DBI" means the San Francisco Department of Building Inspection.

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Federal Funding" means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital D**.

"Funds" has the meaning set forth in **Recital A**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to

the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

“Hold Harmless Policy” means the Hold Harmless Policy for MOHCD’s Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

“Homeless” means an individual or a family who lacks a fixed, regular, and adequate nighttime residence and who has a primary nighttime residence in one or more of the following categories: (a) Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations; (b) Anyone displaced from housing due to a disaster situation; (c) Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass; (d) Anyone staying in a car, van, bus, truck, RV, or similar vehicle; (e) Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings; (f) Anyone staying with friends and/or extended family members (excluding parents and children) because they are otherwise unable to obtain housing; (g) Any family with children staying in a Single Room Occupancy (SRO) hotel room (whether or not they have tenancy rights); (h) Anyone staying in temporary housing for less than 6 months where the accommodations provided to the person are substandard or inadequate (for example, in a garage a very small room, or an overly crowded space); (i) Anyone staying in a Single Room Occupancy (SRO) hotel room without tenancy rights; (j) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing; or (k) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who has obtained and resided in supportive housing or permanent housing for less than 30 days.

“Homeless Household” means a household that meets the referring agency’s definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy contract.

“HSH” means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnatee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

"Life of the Project" means the period of time in which the Project continues to operate as a group housing project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Loan" has the meaning set forth in **Recital D**.

"Local Operating Subsidy" means an operating subsidy provided to Borrower by the City, the amount of which is sufficient to permit Borrower to operate the Project in accordance with the terms of this Agreement with Qualified Tenants at income levels specified by MOHCD in writing which are below those set forth in **Exhibit A**.

"Local Operating Subsidy Program" or "LOSP" means the program administered by MOHCD that regulates the distribution of Local Operating Subsidy.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Manager" means Episcopal Community Services Housing Corporation, a California nonprofit public benefit corporation.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, derived in part from the income limits and area median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount.

“Official Records” means the official records of San Francisco County.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Payment Date" means the first May 1st following the Completion Date and each succeeding May 1st until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

“Preferences and Lottery Manual” means MOHCD’s Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

“Preferences Ordinance” means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital C**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any property managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); Project Fees are not Project Expenses.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Residual Receipts must be based on figures contained in audited financial statements.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" has the meaning set forth in **Recital C**.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

"Tenant Screening Criteria Policy" has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

"20-Year Cash Flow Proforma" means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

"Waiting List" has the meaning set forth in **Section 6.5**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order for the Borrower to acquire the Site. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City

shall not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition, Borrower must provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion. Borrower will satisfy the following conditions before applying to the City for additional financing: i) provide a comprehensive maintenance and operating plan for the Project that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

ARTICLE 3 TERMS.

Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the fifty fifth (55th) anniversary of the date the Deed of Trust is recorded in the Official Records (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continue for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. The outstanding principal balance of the Loan will bear no interest, as provided in the Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. The outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or material adjustments (other than regular annual adjustments) in funding under Shelter + Care, Section 8 or similar programs.

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make a single disbursement not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) a Certificate of Good Standing from the Secretary of State; (vi) the Authorizing Resolutions; (vii) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City Borrower's Charter Documents.

(c) Borrower must have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(d) Borrower must have submitted a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(e) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions concurrently with the Closing.

(f) The Escrow Agent must have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

(g) All conditions to closing under the purchase agreement must have been satisfied, and Borrower and seller of the Property are prepared to authorize closing.

(h) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

(i) Borrower must have executed a Standard Agreement with HCD.

4.4 Disbursement of Funds. Following satisfaction of the Closing conditions in **Section 4.3**, the City will provide the Funding Amount to the Escrow Agent and authorize the Escrow Agent to release the Funds in escrow in accordance with the escrow instructions.

ARTICLE 5 RESERVED.

ARTICLE 6 MARKETING.

This Article will apply only if the HSH operating subsidy is terminated.

6.1 Marketing and Tenant Selection Plan. No later than sixty (60) days after written request from the City, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City.

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above must take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

(i) Borrower must use access points and accept referrals from HSH, or its successor agencies.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria must comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower must keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this **Article 7** will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

7.2 Borrower's Covenant.

(a) The City acknowledges that seventy-three (73) units in the Project are currently occupied and not all existing tenants may qualify as Qualified Tenants (a "Non-Qualified Tenant"). Borrower may charge any Non-Qualified Tenant a market-rate rent, but will maintain rent levels to ensure any tenants as of the Agreement Date are not displaced. Borrower covenants that as a Non-Qualified Tenant vacates a unit, Borrower shall rent the vacated unit to a Qualified Tenant. Borrower covenants to rent all Units (except two Units reserved for the manager of the Project and those units currently occupied by Non-Qualified Tenants) to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, during the period in which the LOSP Program is in operation and the City provides the LOSP subsidy to the Project and once all Non-Qualified Tenants have vacated their units, Two Hundred Thirty (230) Units, or what is approved as habitable by DBI, must be rented to formerly homeless households as prioritized through the City's Coordinated Entry System .

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in this **Article 7**.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed reasonably necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at Borrower's principal office, and Borrower must file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities. Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. MOHCD acknowledges that Borrower will receive an operating subsidy from HSH. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved Caritas Management Corporation as Borrower's management agent, subject to approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

8.4 Damage and Destruction.

(a) If the Project or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Borrower under this Agreement, Borrower will promptly commence and diligently complete the restoration of the Project as nearly as possible to the condition thereof before such damage or destruction; provided, however, that if more than fifty percent (50%) of the Project is destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Borrower, with the prior written consent of the City, may elect to not restore the Project. If Borrower is required or elects to restore the Project, then all proceeds of any policy of insurance required to be maintained by Borrower under this Agreement will, subject to any applicable rights of Borrower's secured lenders, be used by Borrower for that purpose and Borrower will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Borrower elects not to restore the Project as provided under this Section 8.4(a), or, then the insurance proceeds will be divided in the order set forth in **Section 8.4(c)** below.

(b) If (i) more than 50% of the Project is damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Agreement; and (ii) in the reasonable opinion of Borrower, the undamaged portion of the Project cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Borrower any feasible source of third party financing for restoration reasonably acceptable to Borrower; then Borrower may, with the prior written consent of the City, elect not to restore the Project. If it appears that the provisions of this **Section 8.4(b)** may apply to a particular event of damage or destruction, Borrower will notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld or delayed. If Borrower elects not to restore the Project under this **Section 8.4(b)**, then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Borrower, and any secured lenders in accordance with the provisions of **Section 8.4(c)**. If Borrower is obligated to restore the Project as a result of an uninsured or underinsured casualty, then Borrower will promptly commence and diligently complete the restoration of the Project as nearly as possible to their condition before the damage or destruction in accordance with the provisions of **Section 8.4(a)** and will, subject to any applicable rights of secured lenders, be entitled to all available insurance proceeds to do so.

(c) If Borrower elects not to restore the Project as provided in either **Sections 8.4(a) or 8.4(b)**, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Borrower hereunder will be as follows: First to the City and any other secured lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective leasehold mortgages and applicable Law; and Second, the remainder to Borrower.

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City. Such access will take into account any required notice to tenants prior to accessing any Units.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Reserved.

10.3 Annual Reporting.

(a) From and after the Completion Date, Borrower must file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

(b) If the source of Funds is Federal Funding, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower must deliver to MOHCD an updated CNA every five (5) years after the for approval.

10.5 Reserved.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower must provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.6** and **10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that following reasonable written notice a duly authorized representatives of the City will have:

(a) access to the Project throughout the Compliance Term to monitor the progress of work on the

Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to the City upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Borrower must make an initial deposit into the Replacement Reserve Account in an amount equal to \$350 per Unit. Thereafter, monthly deposits must equal the higher of (i) the amount needed under Borrower's approved CNA; or (ii) 1/12th of \$350 per unit per year.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve

the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 RESERVED.

ARTICLE 15 RESERVED.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not

constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the Conversion Date until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. Notwithstanding the foregoing in this Section 17.2, Borrower's indemnity obligations hereunder shall not extend to any liability relating to any existing condition disclosed to the City pursuant to Section 18.1 below, provided that Borrower has complied with any mitigation and/or monitoring plans.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to

Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee must give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower must seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the [Phase I Environmental Site Assessment completed on October 23, 2020 by ACC Environmental Consultants and a Phase II ESA completed on [_____] by ACC Environmental Consultants or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

18.3 Survival. Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify City hereunder shall survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower's obligation under the City Documents.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any

longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and Borrower has failed to complete the repair, restoration or replacement of the improvements in accordance with the requirements of this Agreement within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) Without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship,

liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(o) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

19.4 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor [if predevelopment loan, add “, if applicable,”] been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(g) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To the City: Mayor’s Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director

To Borrower: 1000 Sutter, LLC _____
165 Eighth Street _____
San Francisco, CA 94103
Attn: Executive Director

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of

balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

22.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

22.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or

omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

22.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

22.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

22.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

22.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

22.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

22.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

22.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

22.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

22.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

22.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

22.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

22.21 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification

- D Reserved
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Reserved
- N Reserved
- P MOHCD Residual Receipts Policy

SIGNATURES ON THE NEXT PAGE

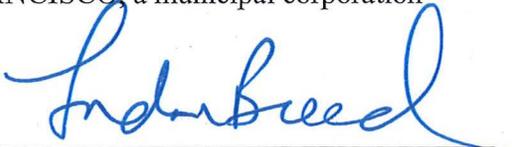
IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

THE CITY:

BORROWER:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

1000 Sutter, LLC, a California limited liability company

By: 
London N. Breed
Mayor

By: _____
Name: _____
Its: _____

By: _____
Eric D. Shaw
Director, Mayor's Office of
Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: 
7C608639D022480...
Keith Nagayama
Deputy City Attorney

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By: _____
London N. Breed
Mayor

By: _____

Name: _____

Its: _____

By:  _____
Eric D. Shaw
Director, Mayor's Office of
Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By:  _____
DocuSigned by:
Keith Nagayama
7C608639D022490...
Keith Nagayama
Deputy City Attorney

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

By: _____
Eric D. Shaw
Director, Mayor's Office of
Housing and Community Development

BORROWER:

1000 Sutter LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public
benefit corporation,
its sole member/manager

By: 
Name: Mary Elizabeth Stokes
Title: President

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

EXHIBIT A
Schedules of Income and Rent Restrictions

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

Unit Size	No. of Units	Maximum Income Level
SRO	230	50% of Median Income with LOSP

Following a vacancy in a unit after acquisition of the Project, 230 units, or what is approved as habitable by DBI, must be rented at all times to tenants receiving vouchers or other subsidy through the LOSP Agreement. Under the Standard Agreement with HCD for Homekey funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the units formerly under the LOSP must at all times be occupied by Qualified Households whose adjusted income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income (b) less utility allowance. In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

EXHIBIT B-1
Table of Sources and Uses of Funds

The Granada PROJECT DEVELOPMENT BUDGET						
DEVELOPMENT COST	Total Project Costs	Residential Costs	Commercial Costs	30% PVC for New Const/Rehab	30% PVC for Acquisition	Comments and explanation of basis changes
LAND COST/ACQUISITION						
Land Cost or Value	\$46,000,000	\$46,000,000				
Demolition	\$0					
Legal	\$35,000	\$35,000				
Land Lease Rent Prepayment	\$0					
Total Land Cost or Value	\$46,035,000	\$46,035,000	\$0			
Existing Improvements Cost or Value	\$0					
Off-Site Improvements	\$0					
Total Acquisition Cost	\$0	\$0	\$0		\$0	
Total Land Cost / Acquisition Cost	\$46,035,000	\$46,035,000	\$0			
Predevelopment Interest/Holding Cost	\$821,760	\$821,760				
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	\$0					
Excess Purchase Price Over Appraisal	\$0					
REHABILITATION						
Site Work	\$0					
Structures	\$4,499,520	\$4,499,520				
General Requirements	\$457,800	\$457,800				
Contractor Overhead	\$228,900	\$228,900				
Contractor Profit	\$228,900	\$228,900				
Prevailing Wages	\$1,124,880	\$1,124,880				
General Liability Insurance	\$0					
Other: Asbestos Clearance	\$0					
Other: Modular Unit	\$0					
Other: Appliances	\$0					
Other: (Specify)	\$0					
Total Rehabilitation Costs	\$6,540,000	\$6,540,000	\$0	\$0	\$0	
Total Relocation Expenses	\$0					
NEW CONSTRUCTION						
Site Work	\$0					
Structures	\$0					
General Requirements	\$0					
Contractor Overhead	\$0					
Contractor Profit	\$0					
Prevailing Wages	\$0					
General Liability Insurance	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Total New Construction Costs	\$0	\$0	\$0	\$0	\$0	
ARCHITECTURAL FEES						
Design	\$367,800	\$367,800				
Supervision	\$90,000	\$90,000				
Total Architectural Costs	\$457,800	\$457,800	\$0	\$0	\$0	
Total Survey & Engineering	\$0					
CONSTRUCTION INTEREST & FEES						
Construction Loan Interest	\$0					
Origination Fee	\$0					
Credit Enhancement/Application Fee	\$0					
Bond Premium	\$0					
Cost of Issuance	\$0					
Title & Recording	\$920,000	\$920,000				Includes all acquisition closing costs
Taxes	\$0					
Insurance	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					

Other: (Specify)	\$0					
Total Construction Interest & Fees	\$920,000	\$920,000	\$0	\$0	\$0	

PERMANENT FINANCING						
Loan Origination Fee	\$0					
Credit Enhancement/Application Fee	\$0					
Title & Recording	\$0					
Taxes	\$0					
Insurance	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Total Permanent Financing Costs	\$0	\$0	\$0	\$0	\$0	\$0
Subtotals Forward	\$54,774,560	\$54,774,560	\$0	\$0	\$0	\$0
LEGAL FEES						
Legal Paid by Applicant	\$50,000	\$50,000				
Other: (Specify)	\$0					
Total Attorney Costs	\$50,000	\$50,000	\$0	\$0	\$0	\$0
RESERVES						
Operating Reserve	\$638,000	\$638,000				
HomeKey 24-Month Operating Subsidy	\$5,568,000	\$5,568,000				OPERATING SUBSIDY for 232 units
Replacement Reserve	\$1,000,000	\$1,000,000				
Transition Reserve	\$0					
Rent Reserve	\$0					
Other	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Total Reserve Costs	\$7,206,000	\$7,206,000	\$0	\$0	\$0	\$0
CONTINGENCY COSTS						
Construction Hard Cost Contingency	\$981,000	\$981,000				
Soft Cost Contingency	\$245,250	\$245,250				
Total Contingency Costs	\$1,226,250	\$1,226,250	\$0	\$0	\$0	\$0
OTHER PROJECT COSTS						
TCAC App/Allocation/Monitoring Fees	\$0					
Environmental Audit	\$50,000	\$50,000				
Local Development Impact Fees	\$76,200	\$76,200				
Permit Processing Fees	\$327,000	\$327,000				
Capital Fees	\$0	\$0				
Marketing	\$0	\$0				
Furnishings	\$464,000	\$464,000				
Market Study	\$0	\$0				
Accounting/Reimbursable	\$40,000	\$40,000				
Appraisal Costs	\$20,000	\$20,000				
Other: Inspection Reports	\$75,000	\$75,000				
Engineering	\$75,000	\$75,000				
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Total Other Costs	\$1,127,200	\$1,127,200	\$0	\$0	\$0	\$0
SUBTOTAL PROJECT COST	\$64,384,010	\$64,384,010	\$0	\$0	\$0	\$0
DEVELOPER COSTS						
Developer Overhead/Profit	\$1,000,000	\$1,000,000				
Consultant/Processing Agent	\$0					
Project Administration	\$0					
Broker Fees Paid to a Related Party	\$0					
Construction Oversight by Developer	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Other: (Specify)	\$0					
Total Developer Costs	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0
TOTAL PROJECT COST	\$65,384,010	\$65,384,010	\$0	\$0	\$0	\$0
Notes						

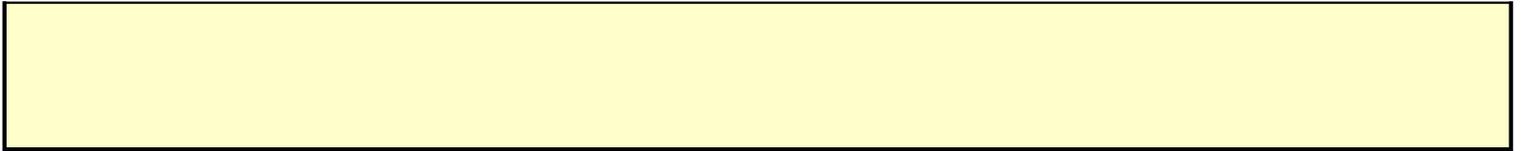


EXHIBIT B-2
Annual Operating Budget

Exhibit B-2

The Granada

Total # Units:	LOSP Units		Non-LOSP Units		Year 4 2023			Year 5 2024			Year 6 2025			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			568,726	-	568,726	574,413	-	574,413	580,158	-	580,158	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a			2,982,541	-	2,982,541	3,097,595	-	3,097,595	3,216,812	-	3,216,812	
Commercial Space	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Gross Potential Income					3,551,267	-	3,551,267	3,672,009	-	3,672,009	3,796,969	-	3,796,969	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(28,436)	-	(28,436)	(28,721)	-	(28,721)	(29,008)	-	(29,008)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME					3,522,831	-	3,522,831	3,643,288	-	3,643,288	3,767,961	-	3,767,961	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			200,634	-	200,634	207,656	-	207,656	214,924	-	214,924	
Asset Management Fee	3.5%	3.5%			25,135	-	25,135	26,014	-	26,014	26,925	-	26,925	
Sub-total Management Expenses					225,768	-	225,768	233,670	-	233,670	241,849	-	241,849	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			392,859	-	392,859	406,609	-	406,609	420,840	-	420,840	
Manager's Salary	3.5%	3.5%			216,200	-	216,200	223,767	-	223,767	231,599	-	231,599	
Health Insurance and Other Benefits	3.5%	3.5%			60,906	-	60,906	63,038	-	63,038	65,244	-	65,244	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					669,965	-	669,965	693,414	-	693,414	717,683	-	717,683	
Administration														
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Office Expenses	3.5%	3.5%			40,867	-	40,867	42,298	-	42,298	43,778	-	43,778	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			88,697	-	88,697	91,802	-	91,802	95,015	-	95,015	
Audit Expense	3.5%	3.5%			27,718	-	27,718	28,688	-	28,688	29,692	-	29,692	
Bookkeeping/Accounting Services	3.5%	3.5%			29,323	-	29,323	30,350	-	30,350	31,412	-	31,412	
Bad Debts	3.5%	3.5%			46,300	-	46,300	47,921	-	47,921	49,598	-	49,598	
Miscellaneous	3.5%	3.5%			23,081	-	23,081	23,868	-	23,868	24,704	-	24,704	
Sub-total Administration Expenses					255,967	-	255,967	264,926	-	264,926	274,199	-	274,199	
Utilities														
Electricity	3.5%	3.5%			150,475	-	150,475	155,742	-	155,742	161,193	-	161,193	
Water	3.5%	3.5%			134,527	-	134,527	139,236	-	139,236	144,109	-	144,109	
Gas	3.5%	3.5%			69,450	-	69,450	71,881	-	71,881	74,397	-	74,397	
Sewer	3.5%	3.5%			157,163	-	157,163	162,664	-	162,664	168,357	-	168,357	
Sub-total Utilities					511,616	-	511,616	529,522	-	529,522	548,055	-	548,055	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes	3.5%	3.5%			78,252	-	78,252	80,991	-	80,991	83,826	-	83,826	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			35,479	-	35,479	36,721	-	36,721	38,006	-	38,006	
Sub-total Taxes and Licenses					113,731	-	113,731	117,712	-	117,712	121,832	-	121,832	
Insurance														
Property and Liability Insurance	3.5%	3.5%			358,781	-	358,781	371,338	-	371,338	384,335	-	384,335	
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			48,725	-	48,725	50,430	-	50,430	52,195	-	52,195	
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance					407,506	-	407,506	421,769	-	421,769	436,531	-	436,531	
Maintenance & Repair														
Payroll	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Supplies	3.5%	3.5%			134,155	-	134,155	138,850	-	138,850	143,710	-	143,710	
Contracts	3.5%	3.5%			834,656	-	834,656	863,869	-	863,869	894,105	-	894,105	
Garbage and Trash Removal	3.5%	3.5%			133,046	-	133,046	137,703	-	137,703	142,522	-	142,522	
Security Payroll/Contract	3.5%	3.5%			34,149	-	34,149	35,344	-	35,344	36,581	-	36,581	
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			121,072	-	121,072	125,310	-	125,310	129,695	-	129,695	
Sub-total Maintenance & Repair Expenses					1,257,078	-	1,257,078	1,301,075	-	1,301,075	1,346,613	-	1,346,613	
Supportive Services	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Commercial Expenses					-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES					3,441,631	-	3,441,631	3,562,088	-	3,562,088	3,686,761	-	3,686,761	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent					-	-	-	-	-	-	-	-	-	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					-	-	-	-	-	-	-	-	-	
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					3,522,831	-	3,522,831	3,643,288	-	3,643,288	3,767,961	-	3,767,961	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW					-	-	-	-	-	-	-	-	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					-	-	-	-	-	-	-	-	-	
Other Payments					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2					-	-	-	-	-	-	-	-	-	
Deferred Developer Fee (Enter amt =<= Max Fee from row 131)					-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation?			Yes											
Will Project Defer Developer Fee?			No											
Residual Receipts split for all years. - Lender/Owner			67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due			100.00%											
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due			0.00%											
Lender 4 Residual Receipts Due			0.00%											
Lender 5 Residual Receipts Due			0.00%											
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance							243,600			324,800			406,000	
Replacement Reserve Deposits							81,200			81,200			81,200	
Replacement Reserve Withdrawals (ideally tied to CNA)							-			-			-	
Replacement Reserve Interest														

The Granada

Total # Units:	LOSP Units		Non-LOSP Units		Year 7 2026			Year 8 2027			Year 9 2028			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			585,959	-	585,959	591,819	-	591,819	597,737	-	597,737	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a												
Residential - LOSP Tenant Assistance Payments	n/a	n/a			3,340,337	-	3,340,337	3,468,323	-	3,468,323	3,600,928	-	3,600,928	
Commercial Space	n/a	2.5%												
Residential Parking	2.5%	2.5%												
Miscellaneous Rent Income	2.5%	2.5%												
Supportive Services Income	2.5%	2.5%												
Interest Income - Project Operations	2.5%	2.5%												
Laundry and Vending	2.5%	2.5%												
Tenant Charges	2.5%	2.5%												
Miscellaneous Residential Income	2.5%	2.5%												
Other Commercial Income	n/a	2.5%												
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a												
Gross Potential Income					3,926,296	-	3,926,296	4,060,142	-	4,060,142	4,198,665	-	4,198,665	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(29,298)	-	(29,298)	(29,591)	-	(29,591)	(29,887)	-	(29,887)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a												
Vacancy Loss - Commercial	n/a	n/a												
EFFECTIVE GROSS INCOME					3,896,998	-	3,896,998	4,030,551	-	4,030,551	4,168,778	-	4,168,778	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			222,446	-	222,446	230,232	-	230,232	238,290	-	238,290	
Asset Management Fee	3.5%	3.5%			27,867	-	27,867	28,843	-	28,843	29,852	-	29,852	
Sub-total Management Expenses					250,313	-	250,313	259,074	-	259,074	268,142	-	268,142	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			435,569	-	435,569	450,814	-	450,814	466,593	-	466,593	
Manager's Salary	3.5%	3.5%			239,705	-	239,705	248,094	-	248,094	256,778	-	256,778	
Health Insurance and Other Benefits	3.5%	3.5%			67,528	-	67,528	69,891	-	69,891	72,338	-	72,338	
Other Salaries/Benefits	3.5%	3.5%												
Administrative Rent-Free Unit	3.5%	3.5%												
Sub-total Salaries/Benefits					742,802	-	742,802	768,800	-	768,800	795,708	-	795,708	
Administration														
Advertising and Marketing	3.5%	3.5%												
Office Expenses	3.5%	3.5%			45,310	-	45,310	46,896	-	46,896	48,538	-	48,538	
Office Rent	3.5%	3.5%												
Legal Expense - Property	3.5%	3.5%			98,340	-	98,340	101,782	-	101,782	105,345	-	105,345	
Audit Expense	3.5%	3.5%			30,731	-	30,731	31,807	-	31,807	32,920	-	32,920	
Bookkeeping/Accounting Services	3.5%	3.5%			32,511	-	32,511	33,649	-	33,649	34,827	-	34,827	
Bad Debts	3.5%	3.5%			51,334	-	51,334	53,130	-	53,130	54,990	-	54,990	
Miscellaneous	3.5%	3.5%			25,569	-	25,569	26,463	-	26,463	27,390	-	27,390	
Sub-total Administration Expenses					283,796	-	283,796	293,729	-	293,729	304,009	-	304,009	
Utilities														
Electricity	3.5%	3.5%			166,835	-	166,835	172,674	-	172,674	178,717	-	178,717	
Water	3.5%	3.5%			149,153	-	149,153	154,373	-	154,373	159,776	-	159,776	
Gas	3.5%	3.5%			77,001	-	77,001	79,696	-	79,696	82,485	-	82,485	
Sewer	3.5%	3.5%			174,249	-	174,249	180,348	-	180,348	186,660	-	186,660	
Sub-total Utilities					567,237	-	567,237	587,091	-	587,091	607,639	-	607,639	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%												
Payroll Taxes	3.5%	3.5%			86,760	-	86,760	89,796	-	89,796	92,939	-	92,939	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			39,336	-	39,336	40,713	-	40,713	42,138	-	42,138	
Sub-total Taxes and Licenses					126,096	-	126,096	130,509	-	130,509	135,077	-	135,077	
Insurance														
Property and Liability Insurance	3.5%	3.5%			397,787	-	397,787	411,710	-	411,710	426,119	-	426,119	
Fidelity Bond Insurance	3.5%	3.5%												
Worker's Compensation	3.5%	3.5%			54,022	-	54,022	55,913	-	55,913	57,870	-	57,870	
Director's & Officers' Liability Insurance	3.5%	3.5%												
Sub-total Insurance					451,809	-	451,809	467,622	-	467,622	483,989	-	483,989	
Maintenance & Repair														
Payroll	3.5%	3.5%												
Supplies	3.5%	3.5%			148,740	-	148,740	153,946	-	153,946	159,334	-	159,334	
Contracts	3.5%	3.5%			925,398	-	925,398	957,787	-	957,787	991,310	-	991,310	
Garbage and Trash Removal	3.5%	3.5%			147,511	-	147,511	152,074	-	152,074	156,817	-	156,817	
Security Payroll/Contract	3.5%	3.5%			37,861	-	37,861	39,186	-	39,186	40,558	-	40,558	
HVAC Repairs and Maintenance	3.5%	3.5%												
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%												
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			134,235	-	134,235	138,933	-	138,933	143,796	-	143,796	
Sub-total Maintenance & Repair Expenses					1,393,744	-	1,393,744	1,442,525	-	1,442,525	1,493,014	-	1,493,014	
Supportive Services	3.5%	3.5%												
Commercial Expenses														
TOTAL OPERATING EXPENSES					3,815,798	-	3,815,798	3,949,351	-	3,949,351	4,087,578	-	4,087,578	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent														
Bond Monitoring Fee														
Replacement Reserve Deposit														
Operating Reserve Deposit														
Other Required Reserve 1 Deposit														
Other Required Reserve 2 Deposit														
Required Reserve Deposits, Commercial														
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					3,896,998	-	3,896,998	4,030,551	-	4,030,551	4,168,778	-	4,168,778	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
PUPA (w/ Reserves/GL Base Rent/Bond Fees)														
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)														
Hard Debt - First Lender														
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)														
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)														
Hard Debt - Fourth Lender														
Commercial Hard Debt Service														
TOTAL HARD DEBT SERVICE														
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)														
AVAILABLE CASH FLOW														
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%												
Partnership Management Fee (see policy for limits)	3.5%	3.5%												
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)														
Other Payments														
Non-amortizing Loan Pmnt - Lender 1														
Non-amortizing Loan Pmnt - Lender 2														
Deferred Developer Fee (Enter amt => Max Fee from row 131)														
TOTAL PAYMENTS PRECEDING MOHCD														
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation?														
Will Project Defer Developer Fee?														
Residual Receipts split for all years. - Lender/Owner														
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due														
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due														
Lender 4 Residual Receipts Due														
Lender 5 Residual Receipts Due														
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance														
Replacement Reserve Deposits														
Replacement Reserve Withdrawals (ideally tied to CNA)														
Replacement Reserve Interest														
RR Running Balance														
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance														
Operating Reserve Deposits														
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE														
Other Reserve 1 Starting Balance														
Other Reserve 1 Deposits														
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance														
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance														
Other Reserve 2 Deposits														
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

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Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2032			Year 14 2033			Year 15 2034					
	232	232	0	0												
	100.00%	100.00%	0.00%	0.00%	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME																
Residential - Tenant Rents					1.0%	2.5%		622,007	-	622,007	628,227	-	628,227	634,510	-	634,510
Residential - Tenant Assistance Payments (Non-LOSP)					n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments					n/a	n/a		4,180,883	-	4,180,883	4,339,144	-	4,339,144	4,503,093	-	4,503,093
Commercial Space					n/a	2.5%		-	-	-	-	-	-	-	-	-
Residential Parking					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Tenant Charges					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income					n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)					n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income								4,802,890	-	4,802,890	4,967,372	-	4,967,372	5,137,603	-	5,137,603
Vacancy Loss - Residential - Tenant Rents					n/a	n/a		(31,100)	-	(31,100)	(31,411)	-	(31,411)	(31,725)	-	(31,725)
Vacancy Loss - Residential - Tenant Assistance Payments					n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial					n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME								4,771,790	-	4,771,790	4,935,960	-	4,935,960	5,105,877	-	5,105,877
OPERATING EXPENSES																
Management																
Management Fee					3.5%	3.5%	1st Year to be set according to HUD schedule.	273,443	-	273,443	283,013	-	283,013	292,919	-	292,919
Asset Management Fee					3.5%	3.5%	per MOHCD policy	34,256	-	34,256	35,455	-	35,455	36,696	-	36,696
Sub-total Management Expenses								307,699	-	307,699	318,468	-	318,468	329,615	-	329,615
Salaries/Benefits																
Office Salaries					3.5%	3.5%		535,426	-	535,426	554,166	-	554,166	573,562	-	573,562
Manager's Salary					3.5%	3.5%		294,658	-	294,658	304,971	-	304,971	315,645	-	315,645
Health Insurance and Other Benefits					3.5%	3.5%		83,009	-	83,009	85,914	-	85,914	88,921	-	88,921
Other Salaries/Benefits					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits								913,093	-	913,093	945,052	-	945,052	978,129	-	978,129
Administration																
Advertising and Marketing					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Office Expenses					3.5%	3.5%		59,698	-	59,698	57,647	-	57,647	59,665	-	59,665
Office Rent					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property					3.5%	3.5%		120,895	-	120,895	125,116	-	125,116	129,496	-	129,496
Audit Expense					3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Bookkeeping/Accounting Services					3.5%	3.5%		39,965	-	39,965	41,364	-	41,364	42,811	-	42,811
Bad Debts					3.5%	3.5%		63,102	-	63,102	65,311	-	65,311	67,597	-	67,597
Miscellaneous					3.5%	3.5%		31,430	-	31,430	32,530	-	32,530	33,669	-	33,669
Sub-total Administration Expenses								348,857	-	348,857	361,067	-	361,067	373,705	-	373,705
Utilities																
Electricity					3.5%	3.5%		205,082	-	205,082	212,260	-	212,260	219,689	-	219,689
Water					3.5%	3.5%		183,347	-	183,347	189,764	-	189,764	196,406	-	196,406
Gas					3.5%	3.5%		94,653	-	94,653	97,966	-	97,966	101,395	-	101,395
Sewer					3.5%	3.5%		214,197	-	214,197	221,694	-	221,694	229,453	-	229,453
Sub-total Utilities								697,280	-	697,280	721,684	-	721,684	746,943	-	746,943
Taxes and Licenses																
Real Estate Taxes					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Payroll Taxes					3.5%	3.5%		106,650	-	106,650	110,382	-	110,382	114,246	-	114,246
Miscellaneous Taxes, Licenses and Permits					3.5%	3.5%		48,354	-	48,354	50,047	-	50,047	51,798	-	51,798
Sub-total Taxes and Licenses								155,004	-	155,004	160,429	-	160,429	166,044	-	166,044
Insurance																
Property and Liability Insurance					3.5%	3.5%		488,982	-	488,982	506,096	-	506,096	523,810	-	523,810
Fidelity Bond Insurance					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation					3.5%	3.5%		66,407	-	66,407	68,731	-	68,731	71,137	-	71,137
Director's & Officers' Liability Insurance					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance								555,389	-	555,389	574,827	-	574,827	594,946	-	594,946
Maintenance & Repair																
Payroll					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Supplies					3.5%	3.5%		182,839	-	182,839	189,239	-	189,239	195,862	-	195,862
Contracts					3.5%	3.5%		1,137,551	-	1,137,551	1,177,365	-	1,177,365	1,218,573	-	1,218,573
Garbage and Trash Removal					3.5%	3.5%		181,328	-	181,328	187,675	-	187,675	194,243	-	194,243
Security Payroll/Contract					3.5%	3.5%		46,541	-	46,541	48,170	-	48,170	49,856	-	49,856
HVAC Repairs and Maintenance					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses					3.5%	3.5%		165,009	-	165,009	170,784	-	170,784	176,761	-	176,761
Sub-total Maintenance & Repair Expenses								1,713,268	-	1,713,268	1,773,232	-	1,773,232	1,835,295	-	1,835,295
Supportive Services					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses								-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES								4,690,590	-	4,690,590	4,854,760	-	4,854,760	5,024,677	-	5,024,677
RESERVES/GROUND LEASE BASE RENT/BOND FEES																
Reserves/Ground Lease Base Rent/Bond Fees																
Ground Lease Base Rent								-	-	-	-	-	-	-	-	-
Bond Monitoring Fee								-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit								-	-	-	-	-	-	-	-	-
Operating Reserve Deposit								-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit								-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit								-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial								-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees								81,200	-	81,200	81,200	-	81,200	81,200	-	81,200
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								4,771,790	-	4,771,790	4,935,960	-	4,935,960	5,105,877	-	5,105,877
NET OPERATING INCOME (INCOME minus OP EXPENSES)																
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)																
Hard Debt - First Lender								-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)								-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)								-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender								-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service								-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE								-	-	-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)																
Commercial Only Cash Flow																
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)								-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW								-	-	-	-	-	-	-	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)																
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)					3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)					3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)							per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-
Other Payments								-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1								-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2								-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt => Max Fee from row 131)								-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD								-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)																
Does Project have a MOHCD Residual Receipt Obligation? Yes																
Will Project Defer Developer Fee? No																
Residual Receipts split for all years. - Lender/Owner 67% / 33%																
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																
MOHCD Residual Receipts Amount Due								-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment								-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease																

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Total # Units:	LOSP Units		Non-LOSP Units		Year 16 2035			Year 17 2036			Year 18 2037			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			640,855	-	640,855	647,263	-	647,263	653,736	-	653,736	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a			4,672,929	-	4,672,929	4,848,859	-	4,848,859	5,031,100	-	5,031,100	
Commercial Space	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Gross Potential Income					5,313,784	-	5,313,784	5,496,123	-	5,496,123	5,684,836	-	5,684,836	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(32,043)	-	(32,043)	(32,363)	-	(32,363)	(32,687)	-	(32,687)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME					5,281,741	-	5,281,741	5,463,760	-	5,463,760	5,652,149	-	5,652,149	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			303,171	-	303,171	313,782	-	313,782	324,764	-	324,764	
Asset Management Fee	3.5%	3.5%			37,980	-	37,980	39,309	-	39,309	40,685	-	40,685	
Sub-total Management Expenses					341,151	-	341,151	353,092	-	353,092	365,450	-	365,450	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			593,636	-	593,636	614,414	-	614,414	635,918	-	635,918	
Manager's Salary	3.5%	3.5%			326,693	-	326,693	338,127	-	338,127	349,962	-	349,962	
Health Insurance and Other Benefits	3.5%	3.5%			92,034	-	92,034	95,255	-	95,255	98,589	-	98,589	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					1,012,363	-	1,012,363	1,047,796	-	1,047,796	1,084,469	-	1,084,469	
Administration														
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Office Expenses	3.5%	3.5%			61,793	-	61,793	63,915	-	63,915	66,152	-	66,152	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			134,028	-	134,028	138,719	-	138,719	143,574	-	143,574	
Audit Expense	3.5%	3.5%			41,894	-	41,894	43,350	-	43,350	44,867	-	44,867	
Bookkeeping/Accounting Services	3.5%	3.5%			44,310	-	44,310	45,860	-	45,860	47,466	-	47,466	
Bad Debts	3.5%	3.5%			69,963	-	69,963	72,411	-	72,411	74,946	-	74,946	
Miscellaneous	3.5%	3.5%			34,847	-	34,847	36,067	-	36,067	37,329	-	37,329	
Sub-total Administration Expenses					386,784	-	386,784	400,322	-	400,322	414,333	-	414,333	
Utilities														
Electricity	3.5%	3.5%			227,378	-	227,378	235,337	-	235,337	243,573	-	243,573	
Water	3.5%	3.5%			203,280	-	203,280	210,395	-	210,395	217,759	-	217,759	
Gas	3.5%	3.5%			104,944	-	104,944	108,617	-	108,617	112,418	-	112,418	
Sewer	3.5%	3.5%			237,484	-	237,484	245,796	-	245,796	254,399	-	254,399	
Sub-total Utilities					773,086	-	773,086	800,144	-	800,144	828,149	-	828,149	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes	3.5%	3.5%			118,244	-	118,244	122,383	-	122,383	126,666	-	126,666	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			53,611	-	53,611	55,488	-	55,488	57,430	-	57,430	
Sub-total Taxes and Licenses					171,856	-	171,856	177,871	-	177,871	184,096	-	184,096	
Insurance														
Property and Liability Insurance	3.5%	3.5%			542,143	-	542,143	561,118	-	561,118	580,757	-	580,757	
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			73,627	-	73,627	76,203	-	76,203	78,871	-	78,871	
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance					615,769	-	615,769	637,321	-	637,321	659,628	-	659,628	
Maintenance & Repair														
Payroll	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Supplies	3.5%	3.5%			202,717	-	202,717	209,812	-	209,812	217,156	-	217,156	
Contracts	3.5%	3.5%			1,261,223	-	1,261,223	1,305,365	-	1,305,365	1,351,053	-	1,351,053	
Garbage and Trash Removal	3.5%	3.5%			201,042	-	201,042	208,078	-	208,078	215,361	-	215,361	
Security Payroll/Contract	3.5%	3.5%			51,601	-	51,601	53,407	-	53,407	55,276	-	55,276	
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			182,948	-	182,948	189,351	-	189,351	195,979	-	195,979	
Sub-total Maintenance & Repair Expenses					1,899,531	-	1,899,531	1,966,014	-	1,966,014	2,034,825	-	2,034,825	
Supportive Services	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Commercial Expenses					-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES					5,200,541	-	5,200,541	5,382,560	-	5,382,560	5,570,949	-	5,570,949	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
Ground Lease Base Rent					-	-	-	-	-	-	-	-	-	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					-	-	-	-	-	-	-	-	-	
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					5,281,741	-	5,281,741	5,463,760	-	5,463,760	5,652,149	-	5,652,149	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)														
Hard Debt - First Lender					-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW					-	-	-	-	-	-	-	-	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					-	-	-	-	-	-	-	-	-	
Other Payments					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2					-	-	-	-	-	-	-	-	-	
Deferred Developer Fee (Enter amt => Max Fee from row 131)					-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation?			Yes											
Will Project Defer Developer Fee?			No											
Residual Receipts split for all years. - Lender/Owner			67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due			100.00%											
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due			0.00%											
Lender 4 Residual Receipts Due			0.00%											
Lender 5 Residual Receipts Due			0.00%											
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance														
Replacement Reserve Deposits														
Replacement Reserve Withdrawals (ideally tied to CNA)														
Replacement Reserve Interest														
RR Running Balance														

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INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 19 2038			Year 20 2039		
	232	0		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	100.00%	0.00%							
Residential - Tenant Rents	1.0%	2.5%		660,273	-	660,273	666,876	-	666,876
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		5,219,873	-	5,219,873	5,415,408	-	5,415,408
Commercial Space	n/a	2.5%		-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		-	-	-	-	-	-
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	2.5%		-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income				5,880,146	-	5,880,146	6,082,284	-	6,082,284
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(33,014)	-	(33,014)	(33,344)	-	(33,344)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				5,847,133	-	5,847,133	6,048,940	-	6,048,940
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	336,131	-	336,131	347,896	-	347,896
Asset Management Fee	3.5%	3.5%	per MOHCD policy	42,109	-	42,109	43,583	-	43,583
Sub-total Management Expenses				378,241	-	378,241	391,479	-	391,479
Salaries/Benefits									
Office Salaries	3.5%	3.5%		658,175	-	658,175	681,211	-	681,211
Manager's Salary	3.5%	3.5%		362,210	-	362,210	374,888	-	374,888
Health Insurance and Other Benefits	3.5%	3.5%		102,039	-	102,039	105,611	-	105,611
Other Salaries/Benefits	3.5%	3.5%		-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits				1,122,425	-	1,122,425	1,161,710	-	1,161,710
Administration									
Advertising and Marketing	3.5%	3.5%		-	-	-	-	-	-
Office Expenses	3.5%	3.5%		68,467	-	68,467	70,863	-	70,863
Office Rent	3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		148,599	-	148,599	153,800	-	153,800
Audit Expense	3.5%	3.5%		46,437	-	46,437	48,063	-	48,063
Bookkeeping/Accounting Services	3.5%	3.5%		49,127	-	49,127	50,846	-	50,846
Bad Debts	3.5%	3.5%		77,569	-	77,569	80,284	-	80,284
Miscellaneous	3.5%	3.5%		38,636	-	38,636	39,988	-	39,988
Sub-total Administration Expenses				428,835	-	428,835	443,844	-	443,844
Utilities									
Electricity	3.5%	3.5%		252,098	-	252,098	260,922	-	260,922
Water	3.5%	3.5%		225,380	-	225,380	233,269	-	233,269
Gas	3.5%	3.5%		116,353	-	116,353	120,425	-	120,425
Sewer	3.5%	3.5%		263,303	-	263,303	272,519	-	272,519
Sub-total Utilities				857,135	-	857,135	887,134	-	887,134
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		-	-	-	-	-	-
Payroll Taxes	3.5%	3.5%		131,100	-	131,100	135,688	-	135,688
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		59,440	-	59,440	61,520	-	61,520
Sub-total Taxes and Licenses				190,539	-	190,539	197,208	-	197,208
Insurance									
Property and Liability Insurance	3.5%	3.5%		601,084	-	601,084	622,121	-	622,121
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		81,631	-	81,631	84,488	-	84,488
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance				682,715	-	682,715	706,610	-	706,610
Maintenance & Repair									
Payroll	3.5%	3.5%		-	-	-	-	-	-
Supplies	3.5%	3.5%		224,756	-	224,756	232,623	-	232,623
Contracts	3.5%	3.5%		1,398,340	-	1,398,340	1,447,282	-	1,447,282
Garbage and Trash Removal	3.5%	3.5%		222,889	-	222,889	230,700	-	230,700
Security Payroll/Contract	3.5%	3.5%		57,211	-	57,211	59,213	-	59,213
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		202,838	-	202,838	209,937	-	209,937
Sub-total Maintenance & Repair Expenses				2,106,044	-	2,106,044	2,179,755	-	2,179,755
Supportive Services	3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses				-	-	-	-	-	-
TOTAL OPERATING EXPENSES				5,765,933	-	5,765,933	5,967,740	-	5,967,740
RESERVES/GROUND LEASE BASE RENT/BOND FEES									
PUPA (w/o Reserves/GL Base Rent/Bond Fees)									
Ground Lease Base Rent				-	-	-	-	-	-
Bond Monitoring Fee				-	-	-	-	-	-
Replacement Reserve Deposit				-	-	-	-	-	-
Operating Reserve Deposit				81,200	-	81,200	81,200	-	81,200
Other Required Reserve 1 Deposit				-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-
Required Reserve Deposits, Commercial				-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				81,200	-	81,200	81,200	-	81,200
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				5,847,133	-	5,847,133	6,048,940	-	6,048,940
NET OPERATING INCOME (INCOME minus OP EXPENSES)									
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)									
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service			Enter comments re: annual increase, etc.	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)									
Commercial Only Cash Flow									
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-
AVAILABLE CASH FLOW				-	-	-	-	-	-
USES OF CASH FLOW BELOW (This row also shows DSCR.)									
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL									
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt. <= Max Fee from row 131)			Enter comments re: annual increase, etc.	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				-	-	-	-	-	-
Does Project have a MOHCD Residual Receipt Obligation? Yes									
Will Project Defer Developer Fee? No									
Residual Receipts split for all years. - Lender/Owner 67% / 33%									
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due			Dist. Soft Debt Loans						
Proposed MOHCD Residual Receipts Amount to Loan Repayment	100.00%		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due	0.00%		No HCD Financing	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%			-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%			-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service				-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee				-	-	-	-	-	-
Other Distributions/Uses				-	-	-	-	-	-
Final Balance (should be zero)				-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance						1,461,600			1,542,800
Replacement Reserve Deposits						81,200			81,200
Replacement Reserve Withdrawals (ideally tied to CNA)						-			-
Replacement Reserve Interest						-			-
RR Running Balance						1,542,800			1,624,000
						\$6,650			\$7,000
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance						-			-
Operating Reserve Deposits						-			-
Operating Reserve Withdrawals						-			-
Operating Reserve Interest						-			-
OR Running Balance						-			-
			OR Balance as a % of Prior Yr Op Exps + Debt Service			0.0%			0.0%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance						-			-
Other Reserve 1 Deposits						-			-
Other Reserve 1 Withdrawals						-			-
Other Reserve 1 Interest						-			-
Other Required Reserve 1 Running Balance						-			-
OTHER RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance						-			-
Other Reserve 2 Deposits						-			-
Other Reserve 2 Withdrawals						-			-
Other Reserve 2 Interest						-			-
Other Required Reserve 2 Running Balance						-			-

EXHIBIT B-3
20-Year Cash Flow Proforma

Exhibit B-3

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Total # Units:	LOSP Units		Non-LOSP Units		Year 4 2023			Year 5 2024			Year 6 2025			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			568,726	-	568,726	574,413	-	574,413	580,158	-	580,158	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a			2,982,541	-	2,982,541	3,097,595	-	3,097,595	3,216,812	-	3,216,812	
Commercial Space	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Gross Potential Income					3,551,267	-	3,551,267	3,672,009	-	3,672,009	3,796,969	-	3,796,969	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(28,436)	-	(28,436)	(28,721)	-	(28,721)	(29,008)	-	(29,008)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME					3,522,831	-	3,522,831	3,643,288	-	3,643,288	3,767,961	-	3,767,961	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			200,634	-	200,634	207,656	-	207,656	214,924	-	214,924	
Asset Management Fee	3.5%	3.5%			25,135	-	25,135	26,014	-	26,014	26,925	-	26,925	
Sub-total Management Expenses					225,768	-	225,768	233,670	-	233,670	241,849	-	241,849	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			392,859	-	392,859	406,609	-	406,609	420,840	-	420,840	
Manager's Salary	3.5%	3.5%			216,200	-	216,200	223,767	-	223,767	231,599	-	231,599	
Health Insurance and Other Benefits	3.5%	3.5%			60,906	-	60,906	63,038	-	63,038	65,244	-	65,244	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					669,965	-	669,965	693,414	-	693,414	717,683	-	717,683	
Administration														
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Office Expenses	3.5%	3.5%			40,867	-	40,867	42,298	-	42,298	43,778	-	43,778	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			88,697	-	88,697	91,802	-	91,802	95,015	-	95,015	
Audit Expense	3.5%	3.5%			27,718	-	27,718	28,688	-	28,688	29,692	-	29,692	
Bookkeeping/Accounting Services	3.5%	3.5%			29,323	-	29,323	30,350	-	30,350	31,412	-	31,412	
Bad Debts	3.5%	3.5%			46,300	-	46,300	47,921	-	47,921	49,598	-	49,598	
Miscellaneous	3.5%	3.5%			23,081	-	23,081	23,868	-	23,868	24,704	-	24,704	
Sub-total Administration Expenses					255,967	-	255,967	264,926	-	264,926	274,199	-	274,199	
Utilities														
Electricity	3.5%	3.5%			150,475	-	150,475	155,742	-	155,742	161,193	-	161,193	
Water	3.5%	3.5%			134,527	-	134,527	139,236	-	139,236	144,109	-	144,109	
Gas	3.5%	3.5%			69,450	-	69,450	71,881	-	71,881	74,397	-	74,397	
Sewer	3.5%	3.5%			157,163	-	157,163	162,664	-	162,664	168,357	-	168,357	
Sub-total Utilities					511,616	-	511,616	529,522	-	529,522	548,055	-	548,055	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes	3.5%	3.5%			78,252	-	78,252	80,991	-	80,991	83,826	-	83,826	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			35,479	-	35,479	36,721	-	36,721	38,006	-	38,006	
Sub-total Taxes and Licenses					113,731	-	113,731	117,712	-	117,712	121,832	-	121,832	
Insurance														
Property and Liability Insurance	3.5%	3.5%			358,781	-	358,781	371,338	-	371,338	384,335	-	384,335	
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			48,725	-	48,725	50,430	-	50,430	52,195	-	52,195	
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance					407,506	-	407,506	421,769	-	421,769	436,531	-	436,531	
Maintenance & Repair														
Payroll	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Supplies	3.5%	3.5%			134,155	-	134,155	138,850	-	138,850	143,710	-	143,710	
Contracts	3.5%	3.5%			834,656	-	834,656	863,869	-	863,869	894,105	-	894,105	
Garbage and Trash Removal	3.5%	3.5%			133,046	-	133,046	137,703	-	137,703	142,522	-	142,522	
Security Payroll/Contract	3.5%	3.5%			34,149	-	34,149	35,344	-	35,344	36,581	-	36,581	
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			121,072	-	121,072	125,310	-	125,310	129,695	-	129,695	
Sub-total Maintenance & Repair Expenses					1,257,078	-	1,257,078	1,301,075	-	1,301,075	1,346,613	-	1,346,613	
Supportive Services	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Commercial Expenses					-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES					3,441,631	-	3,441,631	3,562,088	-	3,562,088	3,686,761	-	3,686,761	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent					-	-	-	-	-	-	-	-	-	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					-	-	-	-	-	-	-	-	-	
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					3,522,831	-	3,522,831	3,643,288	-	3,643,288	3,767,961	-	3,767,961	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW					-	-	-	-	-	-	-	-	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					-	-	-	-	-	-	-	-	-	
Other Payments					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2					-	-	-	-	-	-	-	-	-	
Deferred Developer Fee (Enter amt => Max Fee from row 131)					-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation?			Yes											
Will Project Defer Developer Fee?			No											
Residual Receipts split for all years. - Lender/Owner			67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due			100.00%											
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due			0.00%											
Lender 4 Residual Receipts Due			0.00%											
Lender 5 Residual Receipts Due			0.00%											
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance							243,600				324,800		406,000	
Replacement Reserve Deposits							81,200				81,200		81,200	
Replacement Reserve Withdrawals (ideally tied to CNA)							-				-		-	

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Total # Units:	LOSP Units		Non-LOSP Units		Year 7 2026			Year 8 2027			Year 9 2028			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			585,959	-	585,959	591,819	-	591,819	597,737	-	597,737	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a												
Residential - LOSP Tenant Assistance Payments	n/a	n/a			3,340,337	-	3,340,337	3,468,323	-	3,468,323	3,600,928	-	3,600,928	
Commercial Space	n/a	2.5%												
Residential Parking	2.5%	2.5%												
Miscellaneous Rent Income	2.5%	2.5%												
Supportive Services Income	2.5%	2.5%												
Interest Income - Project Operations	2.5%	2.5%												
Laundry and Vending	2.5%	2.5%												
Tenant Charges	2.5%	2.5%												
Miscellaneous Residential Income	2.5%	2.5%												
Other Commercial Income	n/a	2.5%												
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a												
Gross Potential Income					3,926,296	-	3,926,296	4,060,142	-	4,060,142	4,198,665	-	4,198,665	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(29,298)	-	(29,298)	(29,591)	-	(29,591)	(29,887)	-	(29,887)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a												
Vacancy Loss - Commercial	n/a	n/a												
EFFECTIVE GROSS INCOME					3,896,998	-	3,896,998	4,030,551	-	4,030,551	4,168,778	-	4,168,778	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			222,446	-	222,446	230,232	-	230,232	238,290	-	238,290	
Asset Management Fee	3.5%	3.5%			27,867	-	27,867	28,843	-	28,843	29,852	-	29,852	
Sub-total Management Expenses					250,313	-	250,313	259,074	-	259,074	268,142	-	268,142	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			435,569	-	435,569	450,814	-	450,814	466,593	-	466,593	
Manager's Salary	3.5%	3.5%			239,705	-	239,705	248,094	-	248,094	256,778	-	256,778	
Health Insurance and Other Benefits	3.5%	3.5%			67,528	-	67,528	69,891	-	69,891	72,338	-	72,338	
Other Salaries/Benefits	3.5%	3.5%												
Administrative Rent-Free Unit	3.5%	3.5%												
Sub-total Salaries/Benefits					742,802	-	742,802	768,800	-	768,800	795,708	-	795,708	
Administration														
Advertising and Marketing	3.5%	3.5%												
Office Expenses	3.5%	3.5%			45,310	-	45,310	46,896	-	46,896	48,538	-	48,538	
Office Rent	3.5%	3.5%												
Legal Expense - Property	3.5%	3.5%			98,340	-	98,340	101,782	-	101,782	105,345	-	105,345	
Audit Expense	3.5%	3.5%			30,731	-	30,731	31,807	-	31,807	32,920	-	32,920	
Bookkeeping/Accounting Services	3.5%	3.5%			32,511	-	32,511	33,649	-	33,649	34,827	-	34,827	
Bad Debts	3.5%	3.5%			51,334	-	51,334	53,130	-	53,130	54,990	-	54,990	
Miscellaneous	3.5%	3.5%			25,569	-	25,569	26,463	-	26,463	27,390	-	27,390	
Sub-total Administration Expenses					283,796	-	283,796	293,729	-	293,729	304,009	-	304,009	
Utilities														
Electricity	3.5%	3.5%			166,835	-	166,835	172,674	-	172,674	178,717	-	178,717	
Water	3.5%	3.5%			149,153	-	149,153	154,373	-	154,373	159,776	-	159,776	
Gas	3.5%	3.5%			77,001	-	77,001	79,696	-	79,696	82,485	-	82,485	
Sewer	3.5%	3.5%			174,249	-	174,249	180,348	-	180,348	186,660	-	186,660	
Sub-total Utilities					567,237	-	567,237	587,091	-	587,091	607,639	-	607,639	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%												
Payroll Taxes	3.5%	3.5%			86,760	-	86,760	89,796	-	89,796	92,939	-	92,939	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			39,336	-	39,336	40,713	-	40,713	42,138	-	42,138	
Sub-total Taxes and Licenses					126,096	-	126,096	130,509	-	130,509	135,077	-	135,077	
Insurance														
Property and Liability Insurance	3.5%	3.5%			397,787	-	397,787	411,710	-	411,710	426,119	-	426,119	
Fidelity Bond Insurance	3.5%	3.5%												
Worker's Compensation	3.5%	3.5%			54,022	-	54,022	55,913	-	55,913	57,870	-	57,870	
Director's & Officers' Liability Insurance	3.5%	3.5%												
Sub-total Insurance					451,809	-	451,809	467,622	-	467,622	483,989	-	483,989	
Maintenance & Repair														
Payroll	3.5%	3.5%												
Supplies	3.5%	3.5%			148,740	-	148,740	153,946	-	153,946	159,334	-	159,334	
Contracts	3.5%	3.5%			925,398	-	925,398	957,787	-	957,787	991,310	-	991,310	
Garbage and Trash Removal	3.5%	3.5%			147,511	-	147,511	152,674	-	152,674	158,017	-	158,017	
Security Payroll/Contract	3.5%	3.5%			37,861	-	37,861	39,186	-	39,186	40,558	-	40,558	
HVAC Repairs and Maintenance	3.5%	3.5%												
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%												
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			134,235	-	134,235	138,933	-	138,933	143,796	-	143,796	
Sub-total Maintenance & Repair Expenses					1,393,744	-	1,393,744	1,442,525	-	1,442,525	1,493,014	-	1,493,014	
Supportive Services	3.5%	3.5%												
Commercial Expenses														
TOTAL OPERATING EXPENSES					3,815,798	-	3,815,798	3,949,351	-	3,949,351	4,087,578	-	4,087,578	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent														
Bond Monitoring Fee														
Replacement Reserve Deposit														
Operating Reserve Deposit														
Other Required Reserve 1 Deposit														
Other Required Reserve 2 Deposit														
Required Reserve Deposits, Commercial														
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					3,896,998	-	3,896,998	4,030,551	-	4,030,551	4,168,778	-	4,168,778	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
PUPA (w/ Reserves/GL Base Rent/Bond Fees)														
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)														
Hard Debt - First Lender														
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)														
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)														
Hard Debt - Fourth Lender														
Commercial Hard Debt Service														
TOTAL HARD DEBT SERVICE														
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)														
AVAILABLE CASH FLOW														
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%												
Partnership Management Fee (see policy for limits)	3.5%	3.5%												
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)														
Other Payments														
Non-amortizing Loan Pmnt - Lender 1														
Non-amortizing Loan Pmnt - Lender 2														
Deferred Developer Fee (Enter amt => Max Fee from row 131)														
TOTAL PAYMENTS PRECEDING MOHCD														
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation? Yes														
Will Project Defer Developer Fee? No														
Residual Receipts split for all years. - Lender/Owner 67% / 33%														
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due														
Proposed MOHCD Residual Receipts Amount to Loan Repayment	100.00%													
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due	0.00%													
Lender 4 Residual Receipts Due	0.00%													
Lender 5 Residual Receipts Due	0.00%													
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance							487,200			568,400			649,600	
Replacement Reserve Deposits							81,200			81,200			81,200	
Replacement Reserve Withdrawals (ideally tied to CNA)														
Replacement Reserve Interest														
RR Running Balance							568,400			649,600			730,800	
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance														
Operating Reserve Deposits														
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE														
Other Reserve 1 Starting Balance														
Other Reserve 1 Deposits														
Other Reserve 1 Withdrawals														

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Total # Units:	LOSP Units		Non-LOSP Units		Year 16 2035			Year 17 2036			Year 18 2037			
	232	232	0	0	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	100.00%	100.00%	0.00%	0.00%										
INCOME	% annual inc	% annual inc	Comments (related to annual inc assumptions)											
Residential - Tenant Rents	1.0%	2.5%			640,855	-	640,855	647,263	-	647,263	653,736	-	653,736	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a			4,672,929	-	4,672,929	4,848,859	-	4,848,859	5,031,100	-	5,031,100	
Commercial Space	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-	-	-	-	
Gross Potential Income					5,313,784	-	5,313,784	5,496,123	-	5,496,123	5,684,836	-	5,684,836	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(32,043)	-	(32,043)	(32,363)	-	(32,363)	(32,687)	-	(32,687)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME					5,281,741	-	5,281,741	5,463,760	-	5,463,760	5,652,149	-	5,652,149	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			303,171	-	303,171	313,782	-	313,782	324,764	-	324,764	
Asset Management Fee	3.5%	3.5%			37,980	-	37,980	39,309	-	39,309	40,685	-	40,685	
Sub-total Management Expenses					341,151	-	341,151	353,092	-	353,092	365,450	-	365,450	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			593,636	-	593,636	614,414	-	614,414	635,918	-	635,918	
Manager's Salary	3.5%	3.5%			326,693	-	326,693	338,127	-	338,127	349,962	-	349,962	
Health Insurance and Other Benefits	3.5%	3.5%			92,034	-	92,034	95,255	-	95,255	98,589	-	98,589	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					1,012,363	-	1,012,363	1,047,796	-	1,047,796	1,084,469	-	1,084,469	
Administration														
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Office Expenses	3.5%	3.5%			61,793	-	61,793	63,915	-	63,915	66,152	-	66,152	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			134,028	-	134,028	138,719	-	138,719	143,574	-	143,574	
Audit Expense	3.5%	3.5%			41,894	-	41,894	43,350	-	43,350	44,867	-	44,867	
Bookkeeping/Accounting Services	3.5%	3.5%			44,310	-	44,310	45,860	-	45,860	47,466	-	47,466	
Bad Debts	3.5%	3.5%			69,963	-	69,963	72,411	-	72,411	74,946	-	74,946	
Miscellaneous	3.5%	3.5%			34,847	-	34,847	36,067	-	36,067	37,329	-	37,329	
Sub-total Administration Expenses					386,784	-	386,784	400,322	-	400,322	414,333	-	414,333	
Utilities														
Electricity	3.5%	3.5%			227,378	-	227,378	235,337	-	235,337	243,573	-	243,573	
Water	3.5%	3.5%			203,280	-	203,280	210,395	-	210,395	217,759	-	217,759	
Gas	3.5%	3.5%			104,944	-	104,944	108,617	-	108,617	112,418	-	112,418	
Sewer	3.5%	3.5%			237,484	-	237,484	245,796	-	245,796	254,399	-	254,399	
Sub-total Utilities					773,086	-	773,086	800,144	-	800,144	828,149	-	828,149	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes	3.5%	3.5%			118,244	-	118,244	122,383	-	122,383	126,666	-	126,666	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			53,611	-	53,611	55,488	-	55,488	57,430	-	57,430	
Sub-total Taxes and Licenses					171,856	-	171,856	177,871	-	177,871	184,096	-	184,096	
Insurance														
Property and Liability Insurance	3.5%	3.5%			542,143	-	542,143	561,118	-	561,118	580,757	-	580,757	
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			73,627	-	73,627	76,203	-	76,203	78,871	-	78,871	
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance					615,769	-	615,769	637,321	-	637,321	659,628	-	659,628	
Maintenance & Repair														
Payroll	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Supplies	3.5%	3.5%			202,717	-	202,717	209,812	-	209,812	217,156	-	217,156	
Contracts	3.5%	3.5%			1,261,223	-	1,261,223	1,305,365	-	1,305,365	1,351,053	-	1,351,053	
Garbage and Trash Removal	3.5%	3.5%			201,042	-	201,042	208,078	-	208,078	215,361	-	215,361	
Security Payroll/Contract	3.5%	3.5%			51,601	-	51,601	53,407	-	53,407	55,276	-	55,276	
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			182,948	-	182,948	189,351	-	189,351	195,979	-	195,979	
Sub-total Maintenance & Repair Expenses					1,899,531	-	1,899,531	1,966,014	-	1,966,014	2,034,825	-	2,034,825	
Supportive Services	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Commercial Expenses					-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES					5,200,541	-	5,200,541	5,382,560	-	5,382,560	5,570,949	-	5,570,949	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
Ground Lease Base Rent					-	-	-	-	-	-	-	-	-	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					-	-	-	-	-	-	-	-	-	
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					81,200	-	81,200	81,200	-	81,200	81,200	-	81,200	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					5,281,741	-	5,281,741	5,463,760	-	5,463,760	5,652,149	-	5,652,149	
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
DEBT SERVICE/MUST PAY PAYMENTS (*hard debt*/amortized loans)														
Hard Debt - First Lender					-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW					-	-	-	-	-	-	-	-	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					-	-	-	-	-	-	-	-	-	
Other Payments					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1					-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2					-	-	-	-	-	-	-	-	-	
Deferred Developer Fee (Enter amt => Max Fee from row 131)					-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)														
Does Project have a MOHCD Residual Receipt Obligation?					Yes	No								
Will Project Defer Developer Fee?					67%	33%								
Residual Receipts split for all years. - Lender/Owner														
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due					100.00%									
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease														
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due					0.00%									
Lender 4 Residual Receipts Due					0.00%									
Lender 5 Residual Receipts Due					0.00%	</								

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

TENANT INCOME CERTIFICATION

Initial Certification
 Recertification
 Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
 Address: _____ If applicable, CDLAC#: _____
 Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000 \$ _____ X		0.06%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

GROSS MONTHLY RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

- *Source of Federal Assistance
 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
 2 Section 8 Moderate Rehabilitation
 3 Public Housing Operating Subsidy
 4 HOME Rental Assistance
 5 HUD Housing Choice Voucher (HCV), tenant-based
 6 HUD Project-Based Voucher (PBV)
 7 USDA Section 521 Rental Assistance Program
 8 Other Federal Rental Assistance
 0 Missing

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

- ≤ 50% AMGI
- ≤ 60% AMGI
- ≤ 80% AMGI
- OI**

Income Status

- 50% AMGI
- 60% AMGI
- 80% AMGI
- OI**

Income Status

- 50% AMGI
- 80% AMGI
- OI**

Income Status

- _____
- OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. **(Please initial below)**

Disability Status:

- 1 – Yes
 - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
 - A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
 - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
 - An individual shall not be considered to have a handicap solely because that individual is transgender.
- 2 – No
- 3 – Did not respond **(Please initial below)**

Resident/Applicant: I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	<i>Enter the greater of the total in Column (I) or (J)</i>	
Row (L)	<i>Total Annual Household Income From all Sources</i>	<i>Add (E) and (K) and enter the total</i>

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older **must** sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification’s (only if household composition has changed from the previous year’s certification).

- Tenant Demographic Profile Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
- Resident/Applicant Initials All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D
RESERVED

Exhibit D

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage in accordance with Administrative Code Section 6.22(e)(3) to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

2. Environmental Review. The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower must provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Reserved.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Shall Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

Exhibit E

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.]

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project

that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on

any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it shall comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower's obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Borrower or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation,

Exhibit E

established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT F
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

1000 Sutter, LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Mary Elizabeth Stokes
Title: President

Exhibit F

DATE: _____

Exhibit F

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

Exhibit G

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Daniel Adams
Acting Director

December 19, 2019

Notice of Availability of 2019 Annual Monitoring Report Form (“AMR-EZ”)
(plus reminders of Serious Incident Protocol and marketing procedure)

MOHCD is pleased to announce the availability of the Annual Monitoring Report form (“AMR-EZ”) for Reporting Year 2019 (RY2019). The AMR-EZ is the annual report that must be completed for certain projects that have been financed by or through the Mayor’s Office of Housing and Community Development (MOHCD) or the former San Francisco Redevelopment Agency. The form is now available to be downloaded from the [Asset Management page](#) of the MOHCD web site.

Deadline: The report is due by the close of business on February 3. Please refer to MOHCD’s policy on “[Deadlines for Annual Monitoring Reports](#)” and requests for extensions, which is posted adjacent to the AMR-EZ reporting form on our web site.

Training: A training session on how to complete the AMR-EZ will be held at MOHCD on January 22, 2020, from 9:30 to 11:00 a.m. See below for more information.

Completion and Submission Instructions

The Annual Monitoring Report (AMR-EZ) consists of the following two parts:

I. AMR-EZ_RY2019 - project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions

D3. Demographic Summary

A. Property
B. Transitional Programs Only
C. Eviction Data
D1. Occupancy & Rent Info
D2. Demographic Information

E. Operating Statement & Reserve Activity
F. Services Funding
G. Narrative
Completeness Tracker

Provide all relevant information that is requested in worksheets A-G, as applicable. Based on certain data inputs on worksheet A, the reporting form will indicate whether or not worksheets B and E must be completed and whether or not insurance documentation must be submitted. Use the Instructions to help you complete each worksheet, and use the Completeness Tracker to help you to determine 1) which worksheets to complete, based on certain data inputs on worksheet A, 2) when each required worksheet is complete and 3) whether or not you must submit documentation of insurance with the report.

Use Worksheet G (Narrative), Question #1, to explain any data provided on other worksheets that may be unclear or better understood with additional information. Also, use Question #2 to describe any affirmative marketing that you conducted for the project during the reporting period.

Submit this report as an Excel file only; do not convert it to pdf or another file type. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. Changing the format of the AMR-EZ without MOHCD's prior approval will render the report invalid and unacceptable. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Waiting List – Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

IMPORTANT: the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Any waiting list that is submitted with such private information will be returned, to be properly redacted and resubmitted. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the waiting list.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMR-EZs must be submitted electronically, via one email message per project, to moh.amr@sfgov.org by February 1.

AMR-EZ Training – January 22, 2020 9:30-11 a.m.

To facilitate completion of the AMR-EZ by project sponsors, MOHCD will conduct a training session on Wednesday, January 22, 2020, from 9:30 to 11:00 a.m. in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person responsible for completion of the report to attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing of Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers must notify MOHCD of this action by completing a [Marketing Plan Template](#) and submitting it to the assigned staff person on MOHCD's Asset Management and Compliance Monitoring team. The template is available on the [Asset Management page](#) of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the waiting list on [DAHLIA](#) – the City's internet portal where members of the public may get information and apply for affordable housing. General information for people seeking affordable rental housing in San Francisco can also be found on our web site at [this location](#).

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)

- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 <https://sfmohcd.org/>

Annual Monitoring Report EZ - Instructions - Reporting Year 2019 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly, as instructions may have changed.

Updated 1/21/2020

A. Property Info

Answer these questions to identify the reporting period, provide contact info for the staff that currently work for the project, and some basic information about project operations. Please follow the instructions provided on the worksheet.

B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

D1. Occupancy & Rent Information

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Worksheet D1 - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. *For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.*

COLUMN DESCRIPTION

- C. **Row Number.** Do not enter data in this column.
- D. **Unit No.** Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.
- E. **Unit Type.** Use the drop down menu to select the unit type (also shown below):
Bed = (measurement for Group homes or transitional housing)
"SRO" = Single Room Occupancy unit
"Studio" = Studio unit
"1BR" = 1 Bedroom unit
"2BR" = 2 Bedroom unit
"3BR" = 3 Bedroom unit
"4BR" = 4 Bedroom unit
"5+BR" = 5 or more Bedroom unit
- F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which
"Accessible - Mobility" = The unit is fully-accessible for persons with mobility impairment.
"Accessible - Communication" = The unit is fully-accessible for persons with visual and hearing impairment.
"Mobility & Communication" = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
"Adaptable" = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
"Not Accessible or Adaptable" = The unit is neither accessible nor adaptable.
- G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
- H. **Household Annual Income at Initial Occupancy.** Enter the tenant's annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
- I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.

- J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.
- K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
- L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.
- M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 26-32 on Worksheet A.
- N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 26-32 on Worksheet A.
- O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet A.
- P. **Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** "HOPWA set-aside" units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant.
- "RAD - PBV"** = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
- "TPV"** = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
- "Section 8 - Project Based"** = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
- "Section 8 - Tenant Voucher"** = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
- "PRAC - 202"** = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program.
- "PRAC - 811"** = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.
- "S+C"** = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.
- "VASH"** = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.
- "LOSP"** = The unit receives a subsidy through the City's Local Operating Subsidy Program.
- "DAH (DPH)"** = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.
- "HSA Master Lease"** = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.
- "MHSA"** = The unit receives a subsidy under CA HCD's Mental Health Services Act.
- "HOME TBA"** = Tenant receives assistance from a HOME-funded rental assistance program.
- "Rent Supplement"** = Tenant receives a supplemental rent payment from an outside agency.
- "Other"** = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.
- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.

V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.

W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.

X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.

Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.

Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

D2. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term “Spanish origin” can be used in addition to “Hispanic” or “Latino.”
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

Gender and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sexual Orientation / Sexual Identity. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation / Sexual Identity are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability. If any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants with a listed disability.

D3. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets D1 and D2.

E. Operating Statement & Reserve Activity

After the name of the project is entered on worksheet A, the Completeness Tracker will indicate whether or not Worksheet E must be completed for the subject project. If indicated, use this worksheet to report the financial activity of the project during the reporting period, including income, operating expenses and debt service, as well as activity in the project's operating and replacement reserves. The gray-shaded cells in this worksheet are auto-filled based on data inputs into other cells.

F. Services Funding

For each service that is provided based on your answers to questions 41-51 on Worksheet A, you must supply additional info about each service provider on Worksheet F.Services.

G. Narrative

This worksheet consists of two items, which may be used to provide additional information or explanations about data entered elsewhere in the report. Item 1 may be used to explain or comment on any peculiarities or irregularities in the reported data or in the report form itself. Item 2 must be used to report the details of any affirmative marketing that was conducted for the project during the reporting period.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

**Annual Monitoring Report EZ - Property Info - Reporting Year 2019 -
Mayor's Office of Housing & Community Development**

#	IDENTIFYING INFO	
1	1/1/2019	Reporting Period Start Date (m/d/yyyy)
2	12/31/2019	Reporting Period End Date (m/d/yyyy)
3		Property Name (select from drop down)
4		Property Full Street Address
#	CONTACT INFO	
5		Sponsor Executive Director Name
6		Phone Number
7		E-mail
8		Property Management Company
9		Property Manager Name
10		Phone Number
11		E-mail
12		Property Supervisor Name
13		Phone Number
14		E-mail
15		Property Owner Name
16		Property Owner Contact Person
17		Phone Number
18		E-mail
19		Asset Manager Name
20		Phone Number
21		E-mail
22		AMR Preparer's Name
23		Phone Number
24		E-mail

PROPERTY INFO					
25		Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) If you answer "yes", skip questions 26 through 40 below, and continue with question 41. Also, you must complete worksheet "B. Transitional Programs."			
What is the Unit Mix for the ENTIRE Property? Please include ALL units in this tally. If only a portion of the units are required to be affordable housing, provide the number of affordable units in response to question 34, cell I49.					
	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	TOTAL # Units---->	0			
34	TOTAL # AFFORDABLE Units---->				
35		Vacancies - How many vacancies of the affordable units occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet D1.)			
36	0	Evictions - How many evictions of the affordable units occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet C.)			
37		Vacant Unit Rent-Up Time - (in DAYS) State the average vacant unit rent-up time of the affordable units. This is the period from the time a household moves out to when the unit is rented again. If this period exceeds 30 days, you must answer Question # 2 on the Narrative worksheet. (Click on # 2 at left to jump to Narrative worksheet.)			
38		Waiting List - How many applicants are currently on the waiting list? (Please also submit a copy of the waiting list, see AMR submission instructions.)			
39		When was the waiting list for affordable units last updated? (m/yyyy) Please submit the current waiting list, redacted for privacy, with the AMR-EZ. Detailed submission instructions are provided in the Completeness Tracker and AMR-EZ notice.			

40		<p># 3 Affirmative Marketing - Did you conduct any marketing of the affordable units in the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</p>
<p>Resident Services: AN ANSWER IS REQUIRED FOR questions 41-51. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "F. Services Funding."</p>		
41		<p>Go To WSF After School Program/s (y/n)</p>
42		<p>Go To WSF Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)</p>
43		<p>Go To WSF Youth Program/s (y/n)</p>
44		<p>Go To WSF Educational Classes (e.g. basic skills, computer training, ESL) (y/n)</p>
45		<p>Go To WSF Health and Wellness Services/Programs (y/n)</p>
46		<p>Go To WSF Employment Services (y/n)</p>
47		<p>Go To WSF Case Management, Information and Referrals (y/n)</p>
48		<p>Go To WSF Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)</p>
49		<p>Go To WSF Support Groups, Social Events, Organized Tenant Activities (y/n)</p>
50		<p>Go To WSF Other Service #1 - Please specify in column G.</p>
51		<p>Go To WSF Other Service #2 - Please specify in column G.</p>

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

		Target Population		Actual Population	
52			<i>Families</i>		<i>Families</i>
53			<i>Persons with HIV/AIDS</i>		<i>Persons with HIV/AIDS</i>
54			<i>Housing for Homeless</i>		<i>Housing for Homeless</i>
55			<i>Mentally or Physically Disabled</i>		<i>Mentally or Physically Disabled</i>
56			<i>Senior Housing</i>		<i>Senior Housing</i>
57			<i>Substance Abuse</i>		<i>Substance Abuse</i>
58			<i>Domestic Violence Survivor</i>		<i>Domestic Violence Survivor</i>
59			<i>Veterans</i>		<i>Veterans</i>
60			<i>Formerly Incarcerated</i>		<i>Formerly Incarcerated</i>
61			<i>Transition-Aged Youth ("TAY")</i>		<i>Transition-Aged Youth ("TAY")</i>

Remember, SAVE YOUR WORK!

Annual Monitoring Report EZ - Transitional Programs - Reporting Year 2019 - Mayor's Office of Housing & Community Development					
Project Address:					
Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds
1					
2	0		Total Households (Singles and Families) That Can Be Served		
Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	
3					Num on the first day of operating year
4					Num entering the program during the operating year
5	0		Total Households (Singles and Families) Served		
6					Num who left the program during the operating year
7	0	0	0	0	Num in the program on the last day of the operating year
8	0		Total Households in program on the last day of the operating year		
9	<--Capacity Utilization Rate (by Household as of last Day of Operating Year)				
If the Capacity Utilization Rate is LESS than 75% you must respond to the following:					
10	1. Explain the reason(s) why the capacity utilization rate is as low as it is; and				
11	2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.				
Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H27 should match total of cells H13 + I13. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
12		Less than 1 month			
13		1 to 2 months			
14		3 - 6 months			
15		7 months -12 months			
16		13 months - 24 months			
17		25 months - 3 years			
18	0	TOTAL # HH's that left the program			
Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H52 should match total of cells H13 + I13. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
19		Rental - House or Apartment (no subsidy)			PERMANENT
20		Public Housing			
21		Section 8 Voucher			
22		Subsidized Rental - house or apartment			
23		Homeownership			
24		Moved in with family or friends			
25	0	Permanent Housing Subtotal			
26		Transitional Housing for homeless persons			TRANSITIONAL
27		Moved in with family or friends <i>TEMPORARILY</i>			
28	0	Transitional Housing Subtotal			
29		Psychiatric hospital			INSTITUTIONAL
30		Inpatient alcohol or other drug treatment facility			
31		Jail/Prison			
32		Medical Facility			
33	0	Institutional Subtotal			
34		Emergency Shelter			OTHER
35		Places not meant for human habitation (e.g. street)			
36		Unknown			
37		Other			
38	0	Other Subtotal			
39	0	TOTAL # HH's that left the program			

Annual Monitoring Report EZ - Eviction Data - Reporting Year 2019 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

Number of households who lived in affordable units at the project during the reporting period:

1 Number of households who lived in the project **AT ANY TIME** during the reporting period. Be sure to include all new households that moved in during the reporting period.

<p align="center">Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).</p>		<p align="center">Ethnicity and Race data for households that received Notices of Eviction during the reporting period.</p>	
2	Breach of Lease Agreement	Ethnicity reported for HHs that received Notices of Eviction	
3	Capital Improvement	Hispanic/Latino	
4	Condo Conversion	Not Hispanic/Latino	
5	Demolition	Not Reported	
6	Denial of Access to Unit	Total (must match Total number in E29)	
7	Development Agreement	Race reported for HHs that received Notices of Eviction	
8	Ellis Act Withdrawal	American Indian/Alaskan Native	
9	Failure to Sign Lease Renewal	Asian	
10	Good Samaritan Tenancy Ends	Black/African American	
11	Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
12	Illegal Use of Unit	White	
13	Lead Remediation	American Indian/Alaskan Native and Black/African American	
14	Non-payment of Rent	American Indian/Alaskan Native and White	
15	Nuisance	Asian and White	
16	Other	Black/African American and White	
17	Owner Move In	Other/Multiracial	
18	Roommate Living in Same Unit	Not Reported	
19	Substantial Rehabilitation	Total (must match Total number in E29)	
20	Unapproved Subtenant		
21	0	Total number of households who received Notices of Eviction	
<p align="center">Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).</p>		<p align="center">Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period.</p>	
22	Breach of Lease Agreement	Ethnicity reported for HHs that received Unlawful Detainers	
23	Capital Improvement	Hispanic/Latino	
24	Condo Conversion	Not Hispanic/Latino	
25	Demolition	Not Reported	
26	Denial of Access to Unit	Total (must match Total number in E50)	
27	Development Agreement	Race reported for HHs that received Unlawful Detainers	
28	Ellis Act Withdrawal	American Indian/Alaskan Native	
29	Failure to Sign Lease Renewal	Asian	
30	Good Samaritan Tenancy Ends	Black/African American	
31	Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
32	Illegal Use of Unit	White	
33	Lead Remediation	American Indian/Alaskan Native and Black/African American	
34	Non-payment of Rent	American Indian/Alaskan Native and White	
35	Nuisance	Asian and White	
36	Other	Black/African American and White	
37	Owner Move In	Other/Multiracial	
38	Roommate Living in Same Unit	Not Reported	
39	Substantial Rehabilitation	Total (must match Total number in E50)	
40	Unapproved Subtenant		
41	0	Total number of unlawful detainer actions filed	
<p align="center">Number of households evicted from the project during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).</p>		<p align="center">Ethnicity and Race data for households Evicted during the reporting period.</p>	
42	Breach of Lease Agreement	Ethnicity reported for HHs that were Evicted	
43	Capital Improvement	Hispanic/Latino	
44	Condo Conversion	Not Hispanic/Latino	
45	Demolition	Not Reported	
46	Denial of Access to Unit	Total (must match Total number in E71)	
47	Development Agreement	Race reported for HHs that were Evicted	
48	Ellis Act Withdrawal	American Indian/Alaskan Native	
49	Failure to Sign Lease Renewal	Asian	
50	Good Samaritan Tenancy Ends	Black/African American	
51	Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
52	Illegal Use of Unit	White	
53	Lead Remediation	American Indian/Alaskan Native and Black/African American	
54	Non-payment of Rent	American Indian/Alaskan Native and White	
55	Nuisance	Asian and White	
56	Other	Black/African American and White	
57	Owner Move In	Other/Multiracial	
58	Roommate Living in Same Unit	Not Reported	
59	Substantial Rehabilitation	Total (must match Total number reported in E71)	
60	Unapproved Subtenant		
61	0	Total number of households evicted (answers question #36 on Worksheet A)	

**Annual Monitoring Report EZ - Summary of Reported Household Demographics - Reporting Year 2019 -
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	12/31/2019	# Units:	0
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Household Size

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
TOTAL Households*	0	
TOTAL Residents	0	

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

Head of Household Race/Ethnicity

	# Reported Head of HH	% of Total
Hispanic/Latino	0	
Not Hispanic/Latino		
American Indian/Alaskan Native	0	
Asian	0	
Black/African American	0	
Native Hawaiian/Other Pacific Islander	0	
White	0	
American Indian/Alaskan Native and Black/African American	0	
American Indian/Alaskan Native and White	0	
Asian and White	0	
Black/African American and White	0	
Other/Multiracial	0	
Not Reported	0	
Total Head of Households	0	

Gender

	Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	

Target and Actual Population Served

<i>Target Population</i>		<i>Actual Population</i>	
0	<i>Families</i>	0	<i>Families</i>
0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>
0	<i>Senior Housing</i>	0	<i>Senior Housing</i>
0	<i>Substance Abuse</i>	0	<i>Substance Abuse</i>
0	<i>Domestic Violence Survivor</i>	0	<i>Domestic Violence Survivor</i>
0	<i>Veterans</i>	0	<i>Veterans</i>
0	<i>Formerly Incarcerated</i>	0	<i>Formerly Incarcerated</i>
0	<i>Transition-Aged Youth ("TAY")</i>	0	<i>Transition-Aged Youth ("TAY")</i>

**Annual Monitoring Report EZ - Operating Statement & Reserve Activity -
Reporting Year 2019 - Mayor's Office of Housing & Community Development**

Business Year Start Date: _____

Business Year End Date: _____

OPERATING STATEMENT

Leave no cells blank. Enter "\$0" if applicable.

Income:

Gross Potential Rent - Residential

Gross Potential Rent - Commercial

Less: Vacancies & Concessions *(enter as positive #)* —

Interest Income

Other

Total Income

\$0

Operating Expenses:

Administration

Utilities

Operating and Maintenance

Taxes and Insurance

Total Operating Expenses

\$0

Net Operating Income

\$0

Debt Service

Reserve Deposits

Replacement Reserve

Operating Reserve

Other Required Reserve

Total Reserve Deposits

\$0

Cash Flow/Surplus Cash

\$0

RESERVE ACCOUNT ACTIVITY

Leave no cells blank. Enter "\$0" if applicable.

Operating Reserve

Beginning Balance

Actual Deposits:

Withdrawals *(enter as positive #)* —

Interest

Ending Balance

\$0

Ending Balance as % of Operating

Expenses + Debt Service

#DIV/0!

Required Deposits *(pulled from Op. Stmt. above)*

\$0

Required Minimum Balance

Remedy of Any Shortfall in Operating Reserve Deposits: *If actual deposits were less than the required deposits, or if the ending balance was less than the required minimum balance, please describe how you will remedy the shortfall.*

Replacement Reserve

Beginning Balance

Actual Deposits
Withdrawals (enter as positive #)
Interest
Ending Balance

\$0

Required Deposits (pulled from Op. Stmt. above)

\$0

Remedy of Any Shortfall in Replacement Reserve Deposits: *If actual deposits were less than the required deposits, please explain how you will remedy the shortfall.*

--

Capital Expenditures with Replacement Reserve Funds

Building & Improvements
Offsite Improvements
Site Improvements
Land Improvements
Furniture, Fixtures & Equipment
Other

Total

\$0

Explanation of Any Unexpended Replacement Reserve Funds: *If the amount of funds withdrawn from the Replacement Reserve during the reporting period exceeds the total amount of capital expenditures above, you must provide an explanation of the discrepancy and how the unspent reserve funds will be handled.*

--

**Annual Monitoring Report EZ - Narrative - Reporting Year 2019 -
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/1/2019

Reporting Period - End Date: 12/31/2019

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers.

2. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 37 on the worksheet "A.Property," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

3. Affirmative Marketing

0

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

Remember, **SAVE YOUR WORK!**

**Annual Monitoring Report EZ - Completeness Tracker - Reporting Year 2019 -
Mayor's Office of Housing & Community Development**

Use the Completeness Tracker to help you to determine 1) which worksheets to complete, based on certain data inputs on worksheet A, 2) when each required worksheet is complete and 3) whether or not you must submit documentation of insurance with the report.

NOTE: Do not submit the AMR-EZ until all items are "COMPLETED."

Reporting Start Date:

1/1/2019

Project Address:

Reporting End Date:

12/31/2019

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR-EZ, and current waitlist to: moh.amr@sfgov.org
The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waiting list. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet A. Property Info	INCOMPLETE	
	Questions 1 thru 4	incomplete
	Questions 5 thru 24	incomplete
	Questions 25 thru 40	incomplete
	Questions 41 thru 51	incomplete
Worksheet B. Transitional Programs	To Be Determined	
	Questions 1 thru 11	To Be Determined
	Questions 12 thru 18	To Be Determined
	Questions 19 thru 39	To Be Determined
Worksheet C. Eviction Data	To Be Determined	
	Question 1	To Be Determined
	Questions 2 thru 21	To Be Determined
	Questions 22 thru 31	To Be Determined
	Questions 32 thru 41	To Be Determined
Worksheet D1. Occupancy & Rent Information	INCOMPLETE	
	Does number of units entered on Worksheet D1 match total affordable units entered on Worksheet A or the total households that can be served in Worksheet B?	To Be Determined
	For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance?	To Be Determined
	Narrative Provided for All rows indicating Overhoused or Overcrowded?	To Be Determined
Worksheet D2. Demographic Information	To Be Determined	
	Is Ethnicity and Race selected for each household?	To Be Determined
	Is Gender, Sex at Birth, and Sexual Orientation/Identity selected for each	To Be Determined
Worksheet E. Operating Statement & Reserve Activity	To Be Determined	
	Business Year Start/End	To Be Determined
	Operating Statement	To Be Determined
	Reserve Accounts Activity	To Be Determined
	Capital Expenditures	To Be Determined
Worksheet F. Services Funding	To Be Determined	
Worksheet G. Narrative	To Be Determined	
	#2	To Be Determined
	#3	To Be Determined
INSURANCE DOCUMENTATION (LIABILITY & PROPERTY)	To Be Determined	

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2**; **Unruh Civil Rights Act, Civil Code § 51**; **California Disabled Persons Act, Civil Code § 51.4**; Dymally-Alatorre Bilingual Services Act, Gov't Code **§7290-7299.8**; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

Exhibit H

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

Exhibit I

EXHIBIT J

Developer Fee Policy

[To be attached]

Exhibit J

Mayor's Office of Housing and Community Development
 Policy on Development Fees For Tax Credit Projects
 Effective July 29, 2016

This MOHCD Developer Fee Policy for Tax Credit Projects applies to all developments seeking City funding in conjunction with new tax credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Site Program projects. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

I. MINIMUM FEES: 5% of total development costs.

II. MAXIMUM FEES: Notwithstanding any other section of this Fee Policy, the maximum Total Fee that may be included in basis is the lesser of \$4 million or 10% of eligible basis.

A. Total Development Fee

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee, GP Equity Contribution, and Deferred Fee, if any.

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Developers may also take deferred fee; see further explanations below.
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$50,000)	TCAC Maximum	Same as new construction fee.	
Substantial Rehabilitation (Per unit Hard Cost >=\$50,000) by Existing or Affiliate GP -- Includes New City Funds	50% TCAC Maximum	The lesser of TCAC maximum or \$1,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project. Sponsor cash out from acquisition proceeds is prohibited.

Substantial Rehabilitation (Per unit Hard Cost >=\$50,000) by Existing or Affiliate GP -- No New City Funds	TCAC Maximum	Same as new construction fee.	Repayment of existing City loans shall be made pari passu with any sponsor cash out via acquisition proceeds, up to the full value of the City loan(s) plus remaining value of any City ground lease and/or operating subsidy.
Recapitalization, acquisition, or transfer with less than \$50,000 Per unit hard cost capital improvements	No Fee	No Fee	

B. Total Fee Components

1. Additional Cash Out: If eligible basis is less than Threshold Basis, Projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (i.e., the cost of the additional developer fee taken as cash must be covered solely by the additional equity generated by any applicable deferred fee and by the additional cash-out fee itself).
2. Deferred Developer Fee: If eligible basis, including the maximum fee amount available as General Partner Equity, is less than Threshold Basis, Developers may include in Total Fee an amount equal to 50% of surplus cash flow taken over a maximum of 15 years (and after payment of the general partner management fee and investor asset management fee, if applicable) as Deferred Developer Fee. Developers may use industry standard inflators of income and expenses to calculate Deferred Developer Fee.
 - a. Distributions of surplus cash as Deferred Developer Fee are in lieu of an Incentive Management Fee. Upon full payment of the Deferred Fee, which may be prior to Year 15 of operations, a surplus cash distribution as Incentive Management Fee shall commence, at 33.3% of surplus cash (and after payment of the general partner management fee and investor asset management fee, if applicable).
 - b. For projects supported by the Local Operating Subsidy Program, Deferred Developer Fee must be taken over a minimum time period of 5 years.
3. General Partner Equity: If eligible basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity, with a minimum target of \$500,000.

III. FEE DISTRIBUTION: The Maximum Fee shall be divided equally between an “At-Risk Fee” and “Project Management Fee” (subject to the “At-Risk Fee Adjustment” described below).

A. Project Management Fees

Project Management Fees shall be distributed according to achievement of certain development milestones, as follows:

*(PM Fee assuming
 Maximum Fee is \$2MM)*

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,000,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$150,000
During Predevelopment/ with no more than 35% of the total Project Management Fee to be disbursed prior to construction closing	35%	\$350,000
At Construction Closing	20%	\$200,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$200,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$100,000
TOTAL PM FEE	100%	\$1,000,000
TOTAL AT-RISK FEE		\$1,000,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,000,000 + \$10,000/unit over 100 units

B. At-Risk Fee

The remaining 50% of the base Cash-Out Fee + 100% of additional cash-out fee for projects with unit counts over 100 are at-risk for cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD at construction loan closing. One fifth (20%) of the At-Risk Fee may be paid at Qualified Occupancy (95% Leased up and Draft Cost Certification Audit). One half (50%) of the At-Risk fee may be paid out at Permanent Loan Closing/Conversion (Final Cost Certification Audit). The remaining At-Risk fee (30%) may be paid at Project Close-Out, as defined above, including City approval of sponsor's project completion report and documents.

C. At-Risk Fee Adjustment

When outside funding sources limit the Maximum Fee to a value less than MOHCD's standard (e.g., California's Department of Housing and Community Development), the At-Risk Fee shall be capped at \$200,000 or 20% of the Maximum Fee, whichever is less.

IV. WAIVERS OF THE DEVELOPER FEE POLICY

The Citywide Affordable Housing Loan Committee may recommend a waiver or modification of any portion of this policy for the purpose of assuring project feasibility. All recommendations related to this policy are subject to the Mayor's approval in his or her sole discretion.

V. CDBG or HOME REQUIREMENTS

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered "program income", and, should MOHCD request it, the sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

VI. POLICY IMPLEMENTATION

This policy applies to any development that has not received its gap financing commitment from MOHCD by the effective date of the policy.

Citywide Affordable Housing Loan Committee
San Francisco Mayor's Office of Housing and Community Development
Office of Community Investment and Infrastructure
Department of Homelessness and Supportive Housing

MEMORANDUM

DATE: July 20, 2018
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: Kate Hartley, Director, MOHCD
RE: Technical Update to MOHCD Developer Fee Policy for Tax Credit Projects

1. This Request

The Mayor's Office of Housing and Community Development requests approval of a technical update to its "Policy on Development Fees for Tax Credit Projects" (Fee Policy). The Fee Policy currently allows Developers to take a developer fee for 4% low-income housing tax credit projects that is "The lesser of TCAC Maximum, or \$2,000,000, + \$10,000 per unit over 100 units if additional cash-out requires no additional MOHCD gap funding." The California Tax Credit Allocation Committee (TCAC) recently increased its base fee limit for 9% tax credit deals from \$2 million to \$2.2 million. (TCAC's base fee limit for 4% tax credit projects is \$2.5 million.) MOHCD requests that the maximum base "cash-out" fee allowed in the Fee Policy for 4% projects be increased to \$2.2 million to reflect the change. The additional \$200,000 in Developer Fee would be divided equally between Project Management Fees and At Risk Fee under this proposal. Furthermore, MOHCD requests a reference to MOHCD's commercial developer fee policy be added to the Fee Policy and proposes to correct a typo in the Fee Policy's milestones chart.

2. Reason for the Request

The Mayor's Office of Housing and Community Development and Office of Community Investment and Infrastructure underwrite projects seeking loans according to a variety of policies and procedures developed over time, with stakeholder input, and approved by Loan Committee. One of these is the Fee Policy (effective July 29, 2016.) This Fee Policy informs project sponsor requests and is the basis by which MOHCD and OCII approve developer fee budgeting. Any project seeking a MOHCD or OCII loan must be in conformance with the Fee

Policy or specifically request a waiver from the policy for a compelling reason that Loan Committee must approve.

MOHCD set the Fee Policy to reflect other important regulatory requirements, specifically TCAC's regulations. So that MOHCD can continue to conform its Fee Policy with TCAC limits related to tax credit projects, the "TCAC Maximum" value in the Fee Policy should change from \$2 million to \$2.2 million.

3. Staff Recommendation

Amend the Mayor's Office of Housing and Community Development Policy on Development Fees for Tax Credit Projects as follows:

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum allowed by the relevant eligible basis calculation OR \$2.2 million + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding. In addition, projects with commercial spaces may take a commercial developer fee in conformance with MOHCD's commercial underwriting guidelines.	Developers may also take deferred fee; see further explanations below.

The Fee Distribution Table will be updated as follows

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,100,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$165,000

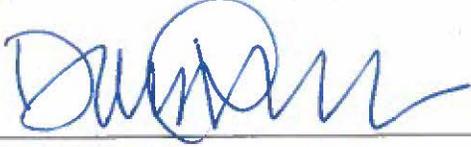
During Predevelopment, with no more than 50% of the total Project Management Fee during the predevelopment period	35%	\$385,000
At Construction Closing	20%	\$220,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
TOTAL PM FEE	100%	\$1,100,000
TOTAL AT-RISK FEE		\$1,100,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,200,000 + \$10,000/unit over 100 units

4. Loan Committee Modifications

5. LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Dan Adams
~~Kate Hartley, Director~~
Mayor's Office of ~~Housing and Community Development~~

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Jeff Kositsky, Director
Department of Homelessness and Supportive Housing
Kerry Abbott, Deputy Director
For

EXHIBIT K

Hold Harmless Policy

[To be attached]

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. **Liability Insurance.** Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit M
Reserved

EXHIBIT N
Reserved

Exhibit N

EXHIBIT O
Residual Receipts Policy

[To be attached]

EXHIBIT P

**Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016**

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3 rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD

	that borrower is not in default; and (3) approval by MOHCD of amount of Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 1. Fees payable to the project, the GP, the LP or the parent entity
 2. Fees payable to project funders
 3. "Soft" debt repayments to lenders / lessors

Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ^{ths} of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ^{ths} of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

SECURED PROMISSORY NOTE
(General Funds)

Principal Amount: \$10,000,000

San Francisco, CA

Date: October 30, 2020

FOR VALUE RECEIVED, the undersigned, **1000 Sutter LLC**, a California limited liability company("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of **TEN MILLION and No/100 Dollars (\$10,000,000.00)** (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. **Agreement.** This Secured Promissory Note ("Note") is given under the terms of a Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. **Interest.** Except as provided in **Section 3**, no interest will accrue on the principal balance outstanding.

3. **Default Interest Rate.** Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. **Repayment of Funding Amount.** Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year/beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date of the fifty-fifth (55th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

5. **Security.** Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

10. **Limited Recourse.** Subject to the provisions and limitations of this section 10, the obligation to repay the Funding Amount is a nonrecourse obligation of the Maker. Maker and any member or partner of Maker shall not have any personal liability for repayment of this Note, except as provided in this section 10. The sole recourse of Holder will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. Notwithstanding the foregoing, Holder's limited recourse under this section will not (a) constitute a waiver of any obligation evidenced by this Note, the Declaration, or the Deed of Trust; (b) limit the right of the City to name Maker as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Maker; (c) release or impair this Note or the Deed of Trust; (d) prevent or in any way hinder the City from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged site or any other instrument securing the Note or as prescribed by law or in equity in case of default; (e) prevent or in any way hinder the City from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies securing the Note. Notwithstanding the first sentence of this section, the Holder's limited recourse under this section will not limit in any way Holder's right to recover directly from Maker or from any other party:

(a) any damages, costs and expenses incurred by the City as a result of fraud or any criminal act or acts of Maker or any member, partner, shareholder, officer, director or employee of Maker, or of any member of the Maker;

(b) any damages, costs and expenses incurred by the City as a result of any misappropriation of funds provided to pay total development costs, as described in the loan agreement, rents and revenues from the operation of the project, or proceeds of insurance policies or condemnation proceeds;

(c) any sum, costs and expenses arising from Maker's obligation to indemnify the City under the City Documents; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that the City shall pay the Maker's reasonable court costs and attorneys' fees if the Maker is the prevailing party in any such enforcement or collection action).

"MAKER"

1000 Sutter LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: *Mary Elizabeth Stokes*

Name: Mary Elizabeth Stokes

Title: President

PROMISSORY NOTE
(The Granada – 1000 Sutter Street)

\$37,185,184.00

San Francisco, California
November 13, 2020

FOR VALUE RECEIVED, the undersigned 1000 SUTTER LLC, a California limited liability company (the “Borrower”) hereby promises to pay to the order of The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation (the “Lender”), the principal amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00) plus interest thereon pursuant to Section 2 below.

All capitalized terms used but not defined in this Promissory Note (this “Note”) have the meanings set forth in the Loan Agreement.

1. Borrower's Obligation. This Note evidences Borrower's obligation to repay Lender the principal amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00), with interest for the funds loaned to Borrower by Lender to finance the acquisition and rehabilitation of the Development pursuant to the Loan Agreement between Borrower and Lender of even date herewith (the “Loan Agreement”).

2. Interest.

(a) Subject to the provisions of Subsection (b) below, the rate of interest (the “Interest Rate”) shall THREE AND ONE HALF PERCENT (3.5%) per annum. Accrued interest shall be paid in arrears. Interest on this Note shall be calculated for the actual days elapsed on the basis of a 360-day year.

(b) In the event of a Default, interest will accrue on all amounts due under this Note at the Default Rate until such Default is cured by Borrower or waived by Lender.

3. Term and Repayment Requirements.

(a) The term of this Note (the “Term”) shall commence on the date set forth above and shall expire on the earlier of: (i) February 13, 2013 or (ii) the date of a Default.

(b) Accrued interest shall be paid monthly commencing on January 1, 2021 and continuing each month thereafter until full repayment of the principal and interest owed on the Loan. Principal and any outstanding interest shall be due in full upon expiration of the Term. Each payment under this Note shall be credited in the following order: (i) costs, fees, charges, and advances paid or incurred by Lender or payable to Lender and interest under any provision of the Loan Documents in connection with such costs incurred by Lender, in such order as

Lender, in its sole and absolute discretion elects; (ii) interest payable under this Note; and (iii) principal under this Note.

(c) Borrower shall have right to prepay the Loan at any time without penalty or additional charge.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Lender, except as provided in the Loan Agreement.

5. Security. This Note is secured by the Deed of Trust. Upon execution of this Note, the Deed of Trust will be recorded in the official records of the City and County of San Francisco, California. The terms of the Deed of Trust are hereby incorporated into this Note and made a part hereof.

6. Terms of Payment.

(a) Borrower shall make all payments due under this Note in currency of the United States of America to Lender at The San Francisco Housing Accelerator Fund, 2370 Market Street, Suite 103 PMB 442, San Francisco, California 94114, Attn: Rebecca Foster, or to such other place as Lender may from time to time designate, including by wire transfer or ACH transfer upon request of Lender.

(b) All payments on this Note are without expense to Lender. Borrower shall pay all costs and expenses, including re-conveyance fees and reasonable attorneys' fees of Lender, incurred in connection with the enforcement of this Note and the release of any security hereof.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of Borrower under this Note, if, for any reason whatsoever, the payment of any sums by Borrower pursuant to the terms of this Note would result in the payment of interest that exceeds the amount that Lender may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate will automatically be deducted from the principal balance owing on this Note, so that in no event is Borrower obligated under the terms of this Note to pay any interest that would exceed the lawful rate.

(d) The obligations of Borrower under this Note are absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

7. Default; Acceleration.

(a) Upon the occurrence of a Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of Lender, become immediately due and payable without further demand.

(b) Lender's failure to exercise the remedy set forth in Subsection (a) above or any other remedy provided by law upon the occurrence of a Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Default. The acceptance by Lender of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Lender, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that Lender may accept further security or release any security for this Note, all without in any way affecting the liability of Borrower.

(b) Any extension of time for payment of this Note or any installment hereof made by agreement of Lender with any person now or hereafter liable for payment of this Note must not operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

9. Miscellaneous Provisions.

(a) All notices to Lender or Borrower are to be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as Lender and Borrower may therein designate.

(b) Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note is governed by the laws of the State of California.

(d) The times for the performance of any obligations hereunder are to be strictly construed, time being of the essence.

(e) The Loan Documents, of which this Note is a part, contain the entire agreement between the parties as to the Loan. This Note may not be modified except upon the written consent of the parties.

[signature on following page]

IN WITNESS WHEREOF, Borrower is executing this Note as of the day and year first above written.

BORROWER:

1000 SUTTER LLC,
a California limited liability company

By: ECS HOUSING CORPORATION,
a California nonprofit public benefit corporation
Its Sole Member

By: 

Mary Elizabeth Stokes
its President

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00024

PURCHASING AUTHORITY NUMBER (If Applicable)

2240

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTOR NAME

County and City of San Francisco and Episcopal Community Services of San Francisco

2. The term of this Agreement is:

START DATE

Upon approval by HCD

THROUGH END DATE

5 years from the effective date

3. The maximum amount of this Agreement is:

\$47,854,020

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Authority, Purpose, and Scope of Work	5
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C *	State of California General Terms and Conditions	GTC – 04/2017
+ - Exhibit D	Homekey General Terms and Conditions	13
+ - Exhibit E	Project-Specific Provisions and Special Terms and Conditions	5

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

See attached

CONTRACTOR BUSINESS ADDRESS

See attached

CITY

See attached

STATE

ZIP

PRINTED NAME OF PERSON SIGNING

See attached

TITLE

See attached

CONTRACTOR AUTHORIZED SIGNATURE

See attached

DATE SIGNED

See attached

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00024

PURCHASING AUTHORITY NUMBER (if Applicable)

2240

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave, Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

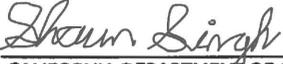
PRINTED NAME OF PERSON SIGNING

Shaun Singh

TITLE

Contracts Manager

CONTRACTING AGENCY AUTHORIZED SIGNATURE



DATE SIGNED

11/9/2020

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (if Applicable)

Exempt per: SCM Vol. 1 4.04.A.3 (DGS memo dated 6/12/1981)

CONTRACT

City and County of San Francisco,
a public body, corporate and politic

By: 
Abigail Stewart-Kahn
Interim Director
Department Homelessness and Supportive Housing

Date: 11/8/20

Address:
440 Turk Street
San Francisco, CA 94102

Approved as to Form:
Dennis J. Herrera, City Attorney


By: Deputy City Attorney

Episcopal Community Services of San Francisco,
A California Nonprofit Public Benefit Corporation

By: _____
Mary Elizabeth Stokes
Executive Director

Date: _____

Address:
165 Eighth Street
San Francisco, CA 94103

CONTRACT

City and County of San Francisco,
a public body, corporate and politic

By: _____

Abigail Stewart-Kahn
Interim Director
Department Homelessness and Supportive Housing

Date: _____

Address:

440 Turk Street
San Francisco, CA 94102

Episcopal Community Services of San Francisco,
A California Nonprofit Public Benefit Corporation

By: Mary Elizabeth Stokes

Mary Elizabeth Stokes
Executive Director

Date: 11/07/2020

Address:

165 Eighth Street
San Francisco, CA 94103

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program (“MHP”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program (“Homekey” or “Program”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“Department” or “HCD”) to administer MHP.

The Department issued a Notice of Funding Availability (“NOFA”) for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines (“MHP Guidelines”), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund (“CRF”) money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement (“Agreement”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the “Grant”). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the “Program Requirements”) and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and
- F. Any and all other applicable law.

EXHIBIT A

2. Purpose

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic (“Target Population”).

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. **“Application”** means the application for Grant funds that was submitted in response to the Department’s Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. **“CRF Covered Period”** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. **“CRF Expenditure Deadline”** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. **“Designated Payee”** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. **“Development Sponsor”** has the same meaning as **“Sponsor”** below.
- F. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).

EXHIBIT A

- G. “Interim Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.
- H. “Local Public Entity”** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- I. “Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. “Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. “Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. “Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing or Interim Housing for the Target Population.
- M. “Scope of Work”** or **“Work”** means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. “Sponsor”** is defined by MHP at Health and Safety Code section 50675.2, subdivision (g). (See also Health and Safety Code, section 50669, subd. (c).) **“Sponsor”** refers, both individually and collectively, to the private entity and/or the Local Public Entity

EXHIBIT A

that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Sponsor comprises two entities, each entity may be referred to as a **“Co-Sponsor.”** On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.

- O. **“State General Fund Expenditure Deadline”** means **June 30, 2022.** Grant expenses for capitalized 24-month operating subsidies, which are funded by the State General Fund, must be incurred on or before this date, or they will not be reimbursed.
- P. **“Target Population”** means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. **Eligible Uses**

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.
- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

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5. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. Reporting Requirements

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

7. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention: Homekey Program (Homekey)
Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph E-Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

EXHIBIT B

3. Performance

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. Fiscal Administration

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

EXHIBIT B

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless

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the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or

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default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. **Eligible Activities**

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. **Performance Milestones**

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

5. **Article XXXIV**

Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

6. **Appraisals**

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. **Compliance with California's Prevailing Wage Law**

Sponsor's Project may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is

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required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

8. **Environmental Conditions**

Sponsor shall provide a Phase I Environmental Site Assessment (“ESA”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department’s approval if the Project involves rehabilitation or demolition of existing improvements.

9. **Insurance**

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

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10. Operating Funds

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. Relocation

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.

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- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

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15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and

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informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident’s dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such reporting shall include the data set forth at Section 402.i – vi. of the NOFA.

EXHIBIT D

23. **Use Restrictions and Affordability Covenants**

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. **Restrictions on Sales, Transfers, and Encumbrances**

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

25. **Retention, Inspection, and Audit of Records**

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal

EXHIBIT D

business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

27. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

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28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

EXHIBIT D

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

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37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

The Granada 1000 Sutter Street San Francisco, CA 93277 City and County of San Francisco		APN: 0279-005		
Enter the number of doors by bedroom size and income level.				
Bedroom Size	# of Doors	HK Restricted	Income Limit (% of AMI)	
0	230	230	30% AMI	
1	2	0	Manager	
Total	232	230		

1. PROJECT-SPECIFIC PROVISIONS

A. Project Description

1. **Grant Amount:** \$47,854,020
2. **Payee:** Episcopal Community Services of San Francisco, A California Nonprofit Public Benefit Corporation (“**ECS**”) for the CRF Funds and the City and County of San Francisco, a public body, corporate and politic (“**City**”) for the State General Funds.
3. **Eligible Use:** Acquisition of hotel to provide Permanent Housing for the Target Population. Capitalized operating subsidy for units purchased, converted, or altered with Homekey funds.

Homekey Program (Homekey)
 NOFA Date: 07/16/2020
 Project Name: The Granada
 Approved Date: 08/03/2020
 Prep. Date: 11/06/2020

Project Narrative: The City and ECS, will acquire the Granada Hotel, and provide up to 230 units of permanent affordable housing for people experiencing homelessness or at-risk of homelessness and who are also vulnerable to COVID-19. The City and ECS will ensure that housing remains permanently affordable to the Target Population. Operating and services funding is estimated at \$1,400 per unit per month, and available units will be prioritized to prospective tenants referred through San Francisco's Coordinated Entry System. With the financial support of the City, ECS plans will provide on-site support services that include intensive case management. The Project site is located within 1/3 a mile of transit service and essential services (e.g., a grocery store, a health facility/pharmacy, and a library).

The City will record a 55-year regulatory agreement against the real property of the Project site to ensure its long-term use and occupancy as Permanent Housing.

4. Strategies to Promote Racial Equity and Accessibility:

- a. The Sponsor shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.
- b. The Sponsor shall ensure that the Project includes sensory accessible units and mobility accessible units in accordance with all relevant representations and descriptions in the Sponsor's Homekey Application (e.g., number of units, accessibility elements) and/or meets the minimum required accessible units as listed in the Homekey NOFA, to meet or exceed the greater of the two requirements.

B. Scope of Work

ESC will rehabilitate the Granada Hotel and convert it to permanent housing for households that are homeless or at risk of homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic.

The City shall ensure that a 55-year affordability covenant is recorded against the real property of the Project site in accordance with and as more fully specified and set forth in the Special Conditions below.

C. Sponsor Contract Coordinator

Authorized Representative Name:	Abigail Stewart-Kahn
Authorized Representative Title:	Interim Director
Entity Name:	City and County of San Francisco, Department Homelessness and Supportive Housing
Address:	440 Turk Street San Francisco, CA 94102
Phone No.:	(628) 652-7743
E-Mail Address:	abigail.stewart-kahn@sfgov.org

D. Budget Detail

The City will contribute approximately \$6,144,034 as part of its commitment for to acquire the Project. The City will leverage the Department of Homelessness and Supportive Housing (HSH) operating subsidy funding to support its commitment to provide five (5) years of operating funds for the Project.

E. Additional Conditions Precedent to Disbursement

Notwithstanding, and in addition to, the City's full satisfaction of each and all of the Conditions of Disbursement set forth in Paragraph 2 of Exhibit B to this Agreement, Three Million and Fourteen Thousand, and Seventeen Dollars (\$3,014,017.00) of the Grant amount shall be held back by the Department until such time as the City and ECS delivers the following to the Department: (a) Submission of a revised authorizing resolution by the City and ECS that is satisfactory to the Department; and (b) a request for release of the said State Grant Funds.

F. Performance Milestones

Performance Milestones	Date
Submission of a revised authorizing resolution by ECS in accordance with and as more fully specified and set forth in the Special Conditions below.	11/10/2020
Site control of Project site.	11/13/2020
Satisfaction of all conditions of disbursement set forth in <u>Exhibit B</u> .	11/13/2020
Submit documentation of compliance with California’s relocation assistance law in accordance with and as more fully specified and set forth in the Special Conditions below.	12/15/2020
Submit certification that the Sponsor will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and tenant selection practices.	11/13/2020
Recordation of a 55-year regulatory agreement by the City.	11/13/2020
Obtain all discretionary public land use approvals that are required, notwithstanding Health and Safety Code section 50675.1.1, subdivision (g).	11/13/2020
Submission of a revised authorizing resolution by the City in accordance with and as more fully specified and set forth in the Special Conditions below.	11/16/2020
Submission of expenditure and program reporting	Feb. 1, 2021
Submission of expenditure reporting in connection with 24-month operating subsidy	Jan. 31, 2021 July 31, 2021 Jan. 31, 2022 July 31, 2022

2. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

Homekey Program (Homekey)
 NOFA Date: 07/16/2020
 Project Name: The Granada
 Approved Date: 08/03/2020
 Prep. Date: 11/06/2020

- A.** The Co-Sponsors have identified the ECS as the Designated Payee of the CRF funds and the City as the Designated Payee of the State General funds.
- B.** The City and County shall submit a revised authorizing resolution that, in the Department’s reasonable determination, materially comports with the Program’s requirements. The City shall submit such revised authorizing resolution by the Performance Milestone date set forth herein. The revised resolution shall reflect the increased amount awarded as compared to the original amount authorized by the original resolutions attached to the application.
- C.** ECS shall submit a revised authorizing resolution that, in the Department’s reasonable determination, materially comports with the Program’s requirements, as well as with ECS’ own organizational documents. ECS shall submit such revised authorizing resolution by the Performance Milestone date set forth herein. The revised resolution shall reflect the increased amount awarded as compared to the original amount authorized by the original resolutions attached to the application.
- D.** The City shall cause a use restriction in accordance with the NOFA and Program Requirements (“**Covenant**”) to be recorded against the real property of the Project site by the Performance Milestone date set forth herein. The City shall obtain the Department’s express written approval of such Covenant prior to the City’s recordation of the same. Unless otherwise authorized by the prior and express written approval of the Department, the Covenant shall be recorded as a lien against the Project in first position, and shall remain in first position over all other Project agreements, covenants or other matters of record on the real property for the period of affordability required by the Program.



RECORDING REQUESTED BY
OLD REPUBLIC TITLE COMPANY

Escrow No.: 0227024399
APN: 0279-005
Situs: 1000 Sutter Street
WHEN RECORDED MAIL TO

MOHCD
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

City and County of San Francisco
Joaquín Torres, Assessor-Recorder

Doc #	2022014535	Fees	\$0.00
2/9/2022	2:08:48 PM	Taxes	\$0.00
DS	Electronic	Other	\$0.00
Pages	3 Title 076	SB2 Fees	\$0.00
Customer	9001	Paid	\$0.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

CONSENT AND REAFFIRMATION OF SUBORDINATION

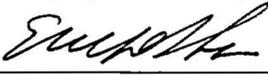
CONSENT AND REAFFIRMATION OF SUBORDINATION

January 25, 2022

The undersigned, City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“Subordinate Lender”), (a) hereby consents to the extension of the Term of the Loan and to the modification of the Loan terms, as set forth in Sections 1 and 2 of the Extension and Modification Agreement dated January 25, 2022 (“Agreement”) by and between The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation (“Lender”), and 1000 Sutter LLC, a California limited liability company (“Borrower”), and (b) hereby reaffirms the subordination of the Subordinate Loan Documents and the lien of the Subordinate Encumbrances (as such terms are defined in that certain Subordination Agreement between Borrower, Lender and Subordinate Lender dated as of November 13, 2020 (“Subordination Agreement”) and recorded on November 13, 2020 in the official records of the City and County of San Francisco as Document No. 2020048500) securing the Subordinate Loan to the lien of the Senior Deed of Trust and the Senior Loan (as such terms are defined in the Subordination Agreement and as modified by the Agreement).

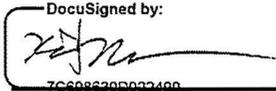
SUBORDINATE LENDER:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development

By: 
Eric D. Shaw
Director, Mayor’s Office of Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: 
766082305032400
Deputy City Attorney

[Notary on Following Page]

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF CALIFORNIA
COUNTY OF San Francisco

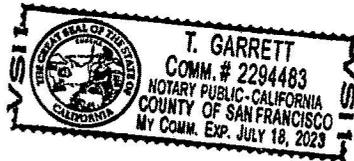
On 12/14/2021 before me, T. Garrett, Notary Public
(insert name and title of the officer)

personally appeared Eric D. Shaw, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (is) are subscribed to the within instrument and acknowledged to me that (he) she/they executed the same in (his) her/their authorized capacity(ies), and that by (his) her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: T. Garrett



2. Free recording requested pursuant to Gov Code Section 27383 and 27388-1



RECORDING REQUESTED BY

OLD REPUBLIC TITLE COMPANY

Escrow No.: 0224053564
APN: Blk 0279, Lot 005
Situs: 1000 Sutter Street

WHEN RECORDED MAIL TO

City and County of San Francisco
Mayor's Office of Housing and Community
Development
1 South Van Ness Ave., 5th floor
San Francisco, CA 94103
Attn: Agnes Defiesta

City and County of San Francisco
Carmen Chu, Assessor-Recorder

Doc #	2020048496	Fees	\$0.00
11/13/2020	2:34:56 PM	Taxes	\$0.00
PF	Electronic	Other	\$0.00
Pages	6 Title 078	SB2 Fees	\$0.00
Customer	9001	Paid	\$0.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DECLARATION OF RESTRICTIONS

- 1 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer subject to the imposition of documentary transfer tax
- 2 Exempt from fee per GC27388.1(a)(2); document transfers real property that is a residential dwelling to an owner-occupier
- 3 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer that is a residential dwelling to an owner-occupier
- 4 Exempt from fee per GC27388.1(a)(1); fee cap of \$225 reached
- 5 Exempt from fee per GC27388.1(a)(2); document is subject to the imposition of documentary transfer tax
- 6 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer that was subject to documentary transfer tax which was paid on document recorded previously on _____ (date) as document number _____
- 7 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier. The recorded document transferring the dwelling to the owner-occupier was recorded on _____ (date) as document number(s) _____
- 11 Exempt from fee per GC27388.1(a)(2); document is executed or recorded by the state or any county, municipality, or other political subdivision of the state
- 12 Exempt from fee per GC27388.1(a)(2); executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure)

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
APN#: ~~Blk 0279, Lot 005~~
Address: 1000 Sutter Street, San Francisco, CA 94109

-----Space Above This Line for Recorder's Use-----

DECLARATION OF RESTRICTIONS
(1000 Sutter Street, San Francisco, CA 94109)

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of
November 13th, 2020, by 1000 Sutter LLC, a California limited liability company
("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**,
represented by the Mayor, acting through the Mayor's Office of Housing and Community
Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of General Funds to finance costs associated with the acquisition of the fee interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the fee interest, the "Property") as low-income housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for the Life of the Project, but no less than fifty-five (55) years (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) Following a vacancy of a Non-Qualified Tenant after acquisition of the Project, 230 Units in the Project, or the habitable amount approved by DBI, will at all times be rented only to tenants who qualify as Qualified Tenants, specifically:

Unit Size	No. of Units	Maximum Income Level
SRO	230	50% of Median Income with LOSP

In addition, all vacant Units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City's LOSP program is in operation and the City provides such subsidy to the Project, as prioritized through the City's Coordinated Entry System.

(b) The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

(c) Under the Standard Agreement with HCD for Homekey funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income (b) less utility allowance. In such event, the City

will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents.

3. This Declaration and the Regulatory Obligations constitute covenants running with the fee interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

"BORROWER"

1000 Sutter LLC, a California limited liability company

By: ECS Housing Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: Mary Elizabeth Stokes
Name: Mary Elizabeth Stokes
Title: President

[ALL SIGNATURES MUST BE NOTARIZED.]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Francisco)

On November 10, 2020 before me, Rebecca N. Gigi, Notary Public
(insert name and title of the officer)

personally appeared Mary Elizabeth Stokes, President,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Rebecca N. Gigi (Seal)



EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

BEGINNING at the point of intersection of the Northerly line of Sutter Street with the Westerly line of Hyde Street; running thence Northerly along said line of Hyde Street 77 feet and 6 inches; thence at a right angle Westerly 117 feet and 6 inches; thence at a right angle Southerly 77 feet and 6 inches to the Northerly line of Sutter Street; thence at a right angle Easterly along said line of Sutter Street 117 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 308

Assessor's Lot 005, Block 0279



RECORDING REQUESTED BY
OLD REPUBLIC TITLE COMPANY

Escrow No.: 0224053564
APN: Blk 0279, Lot 005
Situs: 1000 Sutter Street

WHEN RECORDED MAIL TO

The San Francisco Housing Accelerator Fund
2370 Market Street
Ste. 103, PMB 442
San Francisco, CA 94114
Attn: Rebecca Foster

City and County of San Francisco
Carmen Chu, Assessor-Recorder

Doc #	2020048497	Fees	\$116.00
11/13/2020	2:34:56 PM	Taxes	\$0.00
PF	Electronic	Other	\$0.00
Pages 21	Title 002	SB2 Fees	\$0.00
Customer 9001		Paid	\$116.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

- 1 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer subject to the imposition of documentary transfer tax
- 2 Exempt from fee per GC27388.1(a)(2); document transfers real property that is a residential dwelling to an owner-occupier
- 3 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer that is a residential dwelling to an owner-occupier
- 4 Exempt from fee per GC27388.1(a)(1); fee cap of \$225 reached
- 5 Exempt from fee per GC27388.1(a)(2); document is subject to the imposition of documentary transfer tax
- 6 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer that was subject to documentary transfer tax which was paid on document recorded previously on _____ (date) as document number _____
- 7 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier. The recorded document transferring the dwelling to the owner-occupier was recorded on _____ (date) as document number(s) _____
- 11 Exempt from fee per GC27388.1(a)(2); document is executed or recorded by the state or any county, municipality, or other political subdivision of the state
- 12 Exempt from fee per GC27388.1(a)(2); executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure)

0RECORDING REQUESTED BY *Old Republic Title*
AND WHEN RECORDED MAIL TO:

The San Francisco Housing Accelerator Fund
2370 Market St
Ste 103, PMB 442
San Francisco, CA 94114
Attn: Rebecca Foster

Loan: The Granada—1000 Sutter

1000 Sutter Street, San Francisco, CA, 94109
[Assessor's Lot 005; Block 0279]

**DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND
FIXTURE FILING**

[The Granada Hotel—1000 Sutter Street]

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (“Deed of Trust”) is made as of November 13, 2020, by and among 1000 SUTTER LLC, a California limited liability company (“Trustor”), Old Republic Title Company, a California corporation (“Trustee”), and The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's fee interest in the property located in the City of San Francisco, County of San Francisco, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the “Property”).

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents and leases;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Section 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, leases, documents, notes, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING THE FOLLOWING OBLIGATIONS (together, the "Secured Obligations"):

(a) Payment to Beneficiary of all sums at any time owing under or in connection with (i) the Note (defined in Article 1 below) until paid or cancelled, and (ii) any other amounts owing under the Loan Documents (defined in Article 1 below). Principal and other payments shall be

due and payable as provided in the Note or other Loan Documents, as applicable. The Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced;

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein;

(c) Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Document; and

(d) All modifications, extensions and renewals of any of the Secured Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1 The term "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

Section 1.2 The term "Loan Documents" means this Deed of Trust, the Loan Agreement, the Note, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.3 The "Loan Agreement" means that certain Loan Agreement entered into as of November 13, 2020, by and between the Trustor and Beneficiary, as such may be amended from time to time, providing for the Beneficiary to loan to Trustor THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00).

Section 1.4 The term "Note" means, the promissory note in the principal amount of THIRTY SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND ONE HUNDRED EIGHTY FOUR DOLLARS (\$37,185,184.00), of even date herewith, executed by Trustor in favor of Beneficiary, as it may be amended or restated, the payment of which is secured by this Deed of Trust. (A copy of the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

Section 1.5 The term "Principal" means the amounts required to be paid under the Note.

Section 1.6 [Intentionally Omitted.]

Section 1.7 The term "Remediation Work Plan" shall have the meaning set forth in Section 2.9 of the Loan Agreement.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY
AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment and performance of the Secured Obligations, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition (reasonable wear and tear excepted). The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor, upon written request of the Beneficiary, shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of San Francisco County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Leases and Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary: (i) all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy, or use of all or any part, of the Property, and any amendments, extensions, renewals or modifications thereof, subject to Beneficiary's approval rights set forth in the Loan Agreement (collectively, the "Leases"), regardless of to whom the rents and revenues of the Property are payable; and (ii) all of Trustor's rights, title, and interest in, to, and under any and all Leases, and any other agreements relating to, or made in connection with, any Leases. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the Secured Obligations with the balance, so long as no such breach has occurred and is continuing, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor shall contain a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Trustor hereby covenants that Trustor has not executed any prior assignment of said rents or the Leases, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior

to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenant that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's Security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, enforcement, cancellation or modification of any Leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the Security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, reasonable attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary will become part of the Secured Obligations pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default under this Deed of Trust or invalidate any other right or remedy of Beneficiary under applicable law or provided under this Deed of Trust. This assignment of rents of the Property and the Leases shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor fails to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become part of the Secured Obligations secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all Secured Obligations secured hereunder have been fulfilled, and this Deed of Trust has been reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Trustor's satisfaction of the Secured Obligations. Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

Section 3.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or

may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary shall part of the Secured Obligations (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the Default Rate.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) the taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (collectively, the "Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part to any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such reasonable conditions as the Beneficiary may impose for its disposition, and Beneficiary agrees to release Funds to Trustor to be used for the restoration of the Property so long as Beneficiary is reasonably satisfied that the proceeds of insurance, together with any additional proceeds made available by Trustor, are sufficient to restore the Property. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER
ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred

by the Beneficiary. Any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the Default Rate.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixture filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. For purposes of this fixture filing, the "Debtor" is the Trustor and the "Secured Party" is the Beneficiary. A description of the land which relates to the fixtures is set forth in Exhibit A.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times upon seventy-two (72) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any applicable federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about

the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, or hazardous wastes, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction or operation of a multifamily residential development.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of (1) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, health, industrial hygiene, environmental conditions, or the regulation or protection of the environment, and all amendments thereto as of this date and to be added in the future and any successor statute or rule or regulation promulgated thereto ("Hazardous Materials Law"); (2) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (1) and (2) above are hereinafter referred to as "Hazardous Materials Claims"); and (3) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to the provisions of California Health and Safety Code Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, and be represented by counsel acceptable to Beneficiary (or counsel of its own choice if a conflict exists with Trustor) in, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor.

Trustor shall indemnify and hold harmless Beneficiary and its board members, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, fine, penalty, judgment, award, settlement, expense or liability, directly or indirectly arising out of or attributable to: (1) any actual or alleged past or present violation of any Hazardous Materials Law; (2) any Hazardous Materials Claim; (3) any actual or alleged past or present use, generation, manufacture, storage, release, threatened release, discharge, disposal, transportation, or presence of Hazardous Materials on, under, or about the Property; (4) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Property relating to Hazardous Materials (whether on the Property or any other property) including, but not limited to, in connection with the Remediation Work Plan; and (5) the breach of any representation of warranty by or covenant of Trustor in this Article and in the Loan Agreement. Such indemnity must include, without limitation: (x) all consequential damages; (y) the costs of any required or necessary investigation, repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (z) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (x) and (y), including but not limited to reasonable attorneys' fees and consultant fees. This indemnification applies whether

or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (i) losses attributable to diminution in the value of the Property; (ii) loss or restriction of use of rentable space on the Property; (iii) adverse effect on the marketing of any rental space on the Property; and (iv) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify will survive reconveyance of this Deed of Trust and will not be diminished or affected in any respect as a result of any notice, disclosure, knowledge, if any, to or by Beneficiary of Hazardous Materials.

Except for the Remediation Work Plan, without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if (1) a particular remedial action is ordered by a court of competent jurisdiction, (2) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (3) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (4) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (1) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (2) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining

the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute an event of default (an "Event of Default" or a "Default") following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination; (3) failure to make any payment or observe or perform any of Trustor's other covenants, agreements, or obligations under any Secured Obligations, which default shall not be cured within the times and in the manner provided therein; or (4) failure to make any payment or observe or perform any of Trustor's other covenants, agreements or obligations under any other debt instrument secured by the Property, which default is not cured within the time and in the manner provided therein.

Beneficiary shall provide notice of an Event of Default in the manner set forth in the Loan Agreement.

Section 7.2 Acceleration of Maturity.

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and all unpaid Secured Obligations shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Property and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Sale (as defined below) or invalidate any act done in response to such Default or pursuant to such Notice of Sale and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold in accordance with applicable law (the "Notice of Sale"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of San Francisco County; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing the Secured Obligations.

Section 7.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall the deliver to the Trustee the Notice of Sale to Trustee, and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the Secured Obligations are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such Notice of Sale from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as is then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Sale and after applicable notice having been given as required by law, sell the Security, at the time and place of sale fixed by it in the Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (1) the unpaid Principal amount of the Note; (2) all other Secured Obligations owed to Beneficiary under the Loan Documents; (3) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (1) grants forbearance or an extension of time for the payment or performances of any sums Secured Obligations, (2) takes other or additional security or the payment of any sums secured hereby, (3) waives or does not exercise any right granted in

the Loan Documents, (4) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (5) consents to the granting of any easement or other right affecting the Security, or (6) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary shall have power to (1) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (2) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (3) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any Secured Obligations or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments.

This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Secured Obligations have been paid or forgiven, and all obligations under the Loan Documents have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally, by reputable overnight delivery service, or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

The San Francisco Housing Accelerator Fund
2370 Market St
Ste 103, PMB 442
San Francisco, CA 94114
Attn: Rebecca Foster

and (2) if intended for Trustor shall be addressed to:

c/o Episcopal Community Services of San Francisco
165 Eighth Street
San Francisco, CA 94103
Attn: _____

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors.

Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Remainder of Page Left Intentionally Blank

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

1000 SUTTER LLC,
a California limited liability company

By: ECS HOUSING CORPORATION,
a California nonprofit public benefit corporation
Its Sole Member

By: Mary Elizabeth Stokes
Mary Elizabeth Stokes
its President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF San Francisco)

On November 10, 2020, before me, Rebecca N. Gigi, Notary Public, personally appeared Mary Elizabeth Stokes, President, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Rebecca N. Gigi
Name: Rebecca N. Gigi
Notary Public

EXHIBIT A

Legal Description

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

BEGINNING at the point of intersection of the Northerly line of Sutter Street with the Westerly line of Hyde Street; running thence Northerly along said line of Hyde Street 77 feet and 6 inches; thence at a right angle Westerly 117 feet and 6 inches; thence at a right angle Southerly 77 feet and 6 inches to the Northerly line of Sutter Street; thence at a right angle Easterly along said line of Sutter Street 117 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 308 Assessor's Lot 005, Block 0279.

Assessor's Lot 005; Block 0279

Free Recording Requested Pursuant to Gov Code Sec 27383 & 27388.1



RECORDING REQUESTED BY

OLD REPUBLIC TITLE COMPANY

Escrow No.: 0224053564
APN: Blk 0279, Lot 005
Situs: 1000 Sutter Street

WHEN RECORDED MAIL TO

City and County of San Francisco
Mayor's Office of Housing and Community
Development
1 South Van Ness Ave., 5th floor
San Francisco, CA 94103
Attn: Agnes Defiesta

City and County of San Francisco
Carmen Chu, Assessor-Recorder

Doc #	2020048499	Fees	\$0.00
11/13/2020	2:34:56 PM	Taxes	\$0.00
PF	Electronic	Other	\$0.00
Pages 13	Title 002	SB2 Fees	\$0.00
Customer	9001	Paid	\$0.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

- 1 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer subject to the imposition of documentary transfer tax
- 2 Exempt from fee per GC27388.1(a)(2); document transfers real property that is a residential dwelling to an owner-occupier
- 3 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a concurrent transfer that is a residential dwelling to an owner-occupier
- 4 Exempt from fee per GC27388.1(a)(1); fee cap of \$225 reached
- 5 Exempt from fee per GC27388.1(a)(2); document is subject to the imposition of documentary transfer tax
- 6 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer that was subject to documentary transfer tax which was paid on document recorded previously on _____ (date) as document number _____
- 7 Exempt from fee per GC27388.1(a)(2); document recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier. The recorded document transferring the dwelling to the owner-occupier was recorded on _____ (date) as document number(s) _____
- 11 Exempt from fee per GC27388.1(a)(2); document is executed or recorded by the state or any county, municipality, or other political subdivision of the state
- 12 Exempt from fee per GC27388.1(a)(2); executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure)

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
Block/Lot: 0279/005
Situs: 1000 Sutter Street

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(1000 Sutter Street, San Francisco, CA 94109)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of November 13, 2020, by **1000 SUTTER LLC**, a California limited liability corporation ("Trustor"), whose address is 165 Eighth Street, San Francisco, California 94103 to **OLD REPUBLIC TITLE COMPANY** ("Trustee"), whose address is 600 California Street, Suite 600, San Francisco, California, 94018 for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a multifamily residential building consisting of 232 units of permanent supportive rental units affordable to formerly homeless households (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(g) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's

right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated the date of this Deed of Trust, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of **Ten Million** and No/100 Dollars (**\$10,000,000.00**), with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 85-3586344. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations

under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer

in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any

covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

"TRUSTOR:"

1000 Sutter LLC,
a California limited liability company -

BY: ECS Housing Corporation, its sole member/manager

By: *Mary Elizabeth Stokes*
Name: Mary Elizabeth Stokes
Its: President

[ALL SIGNATURES MUST BE NOTARIZED.]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Francisco)

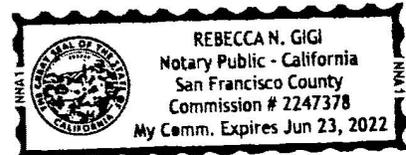
On November 10, 2020 before me, Rebecca N. Gigi, Notary Public
(insert name and title of the officer)

personally appeared Mary Elizabeth Stokes, President,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Rebecca N. Gigi (Seal)



ORDER NO. : 0224053564

EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

BEGINNING at the point of intersection of the Northerly line of Sutter Street with the Westerly line of Hyde Street; running thence Northerly along said line of Hyde Street 77 feet and 6 inches; thence at a right angle Westerly 117 feet and 6 inches; thence at a right angle Southerly 77 feet and 6 inches to the Northerly line of Sutter Street; thence at a right angle Easterly along said line of Sutter Street 117 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 308

Assessor's Lot 005, Block 0279



GENERAL PLAN REFERRAL

May 15, 2024

Case No.: 2024-003749GPR
Address: 1000 Sutter St.
Block/Lot No.: 0279/005
Project Sponsor: Mayor's Office of Housing & Community Development
Applicant: Sophie Rubin, Preservation Project Manager
628-652-5854
sophie.rubin@sfgov.org
1 South Van Ness Ave., 5th Floor
San Francisco, CA 94103
Staff Contact: David H. Garcia – (628) 652-7433
david.h.garcia@sfgov.org

Recommended By:

Joshua Switzky, Deputy Director of Citywide Policy for
Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Please note that a General Plan Referral is a determination regarding the project's consistency with the Eight Priority Policies of Planning Code Section 101.1 and conformity with the Objectives and Policies of the General Plan. This General Plan Referral is not a permit to commence any work or change occupancy. Permits from appropriate Departments must be secured before work is started or occupancy is changed.

Project Description

The Project is the provision of construction and permanent financing for the Granada Hotel, to provide approximately 212 units of permanent supportive housing for homeless households and those at risk of homelessness with incomes at or below 50% MOHCD Area Median Income (MOHCD AMI).

The Granada Hotel was acquired in November 2020 with a \$42M Homekey grant from the California Department of Housing and Community Development (HCD). Rehabilitation began in March 2022 and is slated to be completed in late 2024 or early 2025, financed by a loan from the San Francisco Housing Accelerator Fund, which

expires in October of 2024. Rehabilitation includes seismic retrofitting and updating or full replacement of outdated building systems including framing, electrical, heating, and plumbing.

Total development costs for the Granada Hotel purchase and rehabilitation are approximately \$113.5M. The City previously approved funds of approximately \$23M in 2020. Under the Project, the City would assume the Housing Accelerator Fund loan and upsize the City's permanent loan to approximately \$71,125,575.

Environmental Review

On 9/18/2020, the planning department determined the project to be statutorily exempt under California Assembly Bill 83.

General Plan Compliance and Basis for Recommendation

As described below, the proposed avigation easement to CCSF is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1.A

ENSURE HOUSING STABILITY AND HEALTHY HOMES

POLICY 2

Preserve affordability of existing subsidized housing, government-owned or cooperative-owned housing, or SRO hotel rooms where the affordability requirements are at risk or soon to expire.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS

Policy 3

Acquire and rehabilitate privately-owned housing as permanently affordable to better serve residents and areas vulnerable to displacement with unmet affordable housing needs.

Policy 39

Support the repair and rehabilitation of housing to ensure life safety, health, and well-being of residents, especially in Environmental Justice Communities, and to support sustainable building practices.

The Project would provide permanent funding for approximately 212 affordable SRO housing units which were acquired and rehabilitated within an Environmental Justice Community.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The Project would have no effect on existing neighborhood-serving retail uses. The property does not include retail spaces.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

Property has been upgraded, preserving the existing building, and the ownership of the SRO by a non-profit and reserved for those who have experienced homelessness preserves economic diversity in the neighborhood. The Project would conserve 212 existing affordable housing units.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project deed restricts 212 SRO units as permanently affordable for those earning less than 50% of area median income (AMI).

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project would have no effect on commuter traffic, MUNI transit service, streets, or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project would have no effect on the City's industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project would include seismic upgrades as a large component of the rehabilitation.

7. That the landmarks and historic buildings be preserved;

The Project would preserve the existing building. The property is a Historic Resource located in the Lower Nob Hill Apartment Hotel Historic District. Rehabilitation of the property follows all applicable preservation

guidelines.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project would remodel an existing building. The Project would have no effect on the city's parks and open spaces and their access to sunlight and vistas.

Recommendation: Finding the project, on balance, is in conformity with the General Plan



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240730

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Sophie Rubin	628-652-5854
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Housing and Com.Dev	sophie.rubin@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 1000 Sutter LLC	TELEPHONE NUMBER 415-487-3300 x1209
STREET ADDRESS (including City, State and Zip Code) 165 Eighth St, San Francisco, CA 94103	EMAIL srstone@ecs-sf.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 240730
DESCRIPTION OF AMOUNT OF CONTRACT \$71,125,575		
NATURE OF THE CONTRACT (Please describe) Permanent Loan to take out HAF acquisition and rehabilitation loan for the Granada Hotel. The financing amount aided with the purchase of the Hotel and renovations to make it suitable for permanent Homeless Housing.		

7. COMMENTS
Episcopal Community Services (ECS) is the manager and sole member of the 1000 Sutter LLC which owns the Granada Hotel.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Andrus	Marc	Board of Directors
2	Bond	Doug	Board of Directors
3	Clayter	Todd	Board of Directors
4	Geeslin	Keith	Board of Directors
5	Ho	Heidi	Board of Directors
6	Jones	Martin	Board of Directors
7	Ketcham	Susan	Board of Directors
8	Martinez	Alejandro	Board of Directors
9	McTiernan	Megan	Board of Directors
10	Metoyer	Eric	Board of Directors
11	Rodriguez	Jonathan	Board of Directors
12	Shah	Tajel	Board of Directors
13	Silveira	Dara	Board of Directors
14	Singer	Susanna	Board of Directors
15	Solomon	Barbara	Board of Directors
16	Springwater	Richard	Board of Directors
17	Stokes	Beth	CEO
18	Tatsuno	Yvonne	Board of Directors
19	Zaidi	S. Hassan	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Larra	Eric	CFO
21	Flores	Mauricio	COO
22	callandrillo	Chris	other Principal Officer
23			
24			
25			
26			
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
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50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

From: [Trejo, Sara \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Rubin, Sophie \(MYR\)](#); [Geithman, Kyra \(MYR\)](#); [Schneider, Dylan \(HOM\)](#); [Whitley, Gigi \(HOM\)](#)
Subject: Mayor -- Resolution -- Granada Hotel Loan Purchase Agreement
Date: Tuesday, June 25, 2024 2:40:16 PM
Attachments: [00. Resolution - Granada Hotel Loan Purchase and Agreement.docx](#)
[00. Resolution Granada Hotel Loan Purchase and Agreement FINAL.docx \(1\).pdf](#)
[01. HCD Standard Agreement - Granada.pdf](#)
[02a. SFHAF Loan Agreement - Granada.pdf](#)
[02b. SFHAF Promissory Note - Granada.pdf](#)
[02c. SFHAF Deed of Trust - Granada.pdf](#)
[03a. MOHCD Loan Agreement 2020-10-30 - Granada.pdf](#)
[03b. MOHCD Promissory Note 2020-10-30 - Granada.pdf](#)
[03c. MOHCD Declaration of Restrictions 2020-10-30 - Granada.pdf](#)
[03d. MOHCD Deed of Trust 2020-10-30 - Granada.pdf](#)
[03e. MOHCD Consent and Reaffirmation of Subordination 2020-10-30 - Granada.PDF](#)
[04a. MOHCD PERM Loan Agreement 2024 - Granada.docx](#)
[04b. MOHCD PERM Promissory Note 2024 - Granada.docx](#)
[04c. MOHCD PERM Dec of Restrictions 2024 - Granada.docx](#)
[05. General Plan Referral - Granada.pdf](#)

Hello Clerks,

Attached is a Resolution 1) approving and authorizing a Loan Purchase Agreement for the purchase of an existing loan in an amount of \$63,191,071 for a purchase price not to exceed \$48,000,000 from the San Francisco Housing Accelerator Fund (“SFHAF Loan”) related to the rehabilitation of a 214-unit single-room occupancy residential building for permanent supportive housing to homeless households, with two managers units, located at 1000 Sutter Street, San Francisco (the “Project”); 2) authorizing the assumption of obligations under the SFHAF Loan to disburse an amount not to exceed \$17,000,000 for rehabilitation of the Project; 3) approving and authorizing an Amended and Restated Loan Agreement with 1000 Sutter LLC (“Borrower”) in an amount not to exceed \$71,125,575 for a minimum loan term of 55 years (“City Loan Agreement”) to consolidate the SFHAF Loan with a prior loan from the City to Borrower after completion of the rehabilitation and provide permanent financing for the Project; 4) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; 5) authorizing the Mayor and the Director of Mayor’s Office of Housing and Community Development (“MOHCD”) to execute the Loan Purchase Agreement and the City Loan Agreement, and make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein; and 6) authorizing the Director of MOHCD to enter into any additions, amendments, or other modifications to the Loan Agreement that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of this Resolution.

Best regards,

Sara Trejo

Legislative Aide

Office of the Mayor

City and County of San Francisco

415.554.6141 | sara.trejo@sfgov.org