

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.